

Those are the recommendations of the select committee, and I whole-heartedly agree with them.

Mr. Hearman: But you have not mentioned anything about the country agents.

Hon. J. B. SLEEMAN: What about them?

Mr. Hearman: What do you intend to do about the country agents?

Hon. J. B. SLEEMAN: The hon. member is the one who is arguing about the country agents. If they are not mentioned in the recommendations, then they are not included in my remarks. I did not mention them, except to say that they represented one body, along with five or six others, who were getting something out of the distribution of potatoes. If they are doing work, then they should be paid accordingly.

Mr. Hearman: But do you want them replaced by civil servants?

Hon. J. B. SLEEMAN: I think the hon. member might do a little better if he tried digging a few spuds; it would do him good.

Question put.

Mr. SPEAKER: I find it difficult to give a decision on the voices, but I think I will give it to the "Noes".

Division called for and taken with the following result:

Ayes	15
Noes	23
Majority against	8

Ayes.

Mr. Brady	Mr. Moir
Mr. Heal	Mr. Norton
Mr. J. Hegney	Mr. Nulsen
Mr. Jamieson	Mr. Oldfield
Mr. Johnson	Mr. Rhatigan
Mr. Lapham	Mr. Sleeman
Mr. Lawrence	Mr. O'Brien
Mr. McCulloch	

(Teller.)

Noes.

Mr. Abbott	Sir Ross McLarty
Mr. Ackland	Mr. Nalder
Mr. Brand	Mr. Nimmo
Dame F. Cardell-Oliver	Mr. North
Mr. Court	Mr. Owen
Mr. Doney	Mr. Perkins
Mr. Hawke	Mr. Sewell
Mr. Hearman	Mr. Styants
Mr. Hill	Mr. Watts
Mr. Hoar	Mr. Yates
Mr. Kelly	Mr. Bovell
Mr. Manning	

(Teller.)

Question thus negatived.

House adjourned at 10.20 p.m.

Legislative Assembly

Thursday, 1st October, 1953.

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The SPEAKER took the Chair at 2.15 p.m., and read prayers.

ROYAL SHOW.

As to Adjournment of House.

The PREMIER: Mr. Speaker, with your permission, I would like to state that the House will meet as usual at 4.30 p.m. next Tuesday. Any hon. member who wishes to obtain a pair for that period of the sitting before tea will be granted one by the Government. The House will not sit on Wednesday or Thursday of next week.

Hon. A. V. R. ABBOTT: As the Premier knows, there is a very important measure—the Workers' Compensation Act Amendment Bill—listed for next Tuesday and, in view of his statement that pairs will be given for the period before tea, I am wondering whether he will agree to having that item postponed until the next sitting day.

The PREMIER: The Bill in question will not be taken into Committee on Tuesday, but I hope that some progress will be made with the second reading.

Hon. A. V. R. Abbott: I have the adjournment of the debate for next Tuesday, and I thought the Premier might agree to having it postponed until the next sitting day. It would not make much difference.

The PREMIER: It would make a difference, because the House will not sit on Wednesday and Thursday. If I remember rightly, the Bill was introduced last Tuesday which allows for a week's adjournment until next Tuesday. On that day, members should be prepared to go ahead and debate the Bill during the second reading.

Hon. A. V. R. Abbott: It means they would have to be here.

The PREMIER: Yes, but surely every member of the House would not want a pair from 4.30 p.m. to 7.30 p.m. next Tuesday. The members who would mostly require a pair on that day for the period up to teatime would be country members of all parties, and it was them that I had in mind when I said the Government would readily grant pairs if any member desired to be at the Royal Show for the whole of next Tuesday.

QUESTIONS.

HOSPITALS.

(a) As to Fees for Seamen Patients.

Hon. Dame FLORENCE CARDELL-OLIVER asked the Minister for Health:

(1) Would he give the respective fees charged during last year to seamen or their companies at the following hospitals:—Royal Perth, Fremantle, Geraldton, Bunbury and Albany?

(2) Would he also give the various nationalities of such seamen?

The MINISTER replied:

(1) Royal Perth Hospital: 51s. per day—60s. per day.

Fremantle hospital: 37s. 6d. per day
40s. per day—62s. 5d. per day.

Geraldton hospital: 33s. 10d. per day
39s. 8d. per day—58s. 2d. per day.

Bunbury hospital: 33s. 5d. per day—
35s. 1d. per day—48s. 3d. per day.

Albany hospital: 39s. 11d. per day—
40s. 11d. per day—68s. 8d. per day.

(2) Royal Perth Hospital: One British, one European.

Fremantle hospital: 41 Australian,
67 British, 37 European, 19 Asiatics.

Geraldton hospital: 12 British, six European, seven Asiatics.

Bunbury hospital: 10 British, three European, one Asiatic.

Albany hospital: Five British, one European.

(b) As to Employees' Conditions, Metropolitan Area.

Mr. HUTCHINSON asked the Minister for Labour:

Has the Government the power to direct the boards of management of Royal Perth, Fremantle and Princess Margaret hospitals to enter into a consent award in respect of any employees of the hospitals mentioned?

The MINISTER replied:

Apparently, as the practice was adopted by previous Ministers on behalf of their respective Governments.

RAILWAYS.

(a) As to Cost of Dismantling Sandstone Line.

Mr. O'BRIEN asked the Minister for Railways:

(1) How much did it cost the department concerned to dismantle and complete the pulling-up of the Sandstone railway line?

(2) Is the contract yet completed?

The MINISTER replied:

(1) The information is not readily available.

(2) No.

(b) As to Freight Rates, Perth-Beacon.

Mr. CORNELL asked the Minister for Railways:

(1) What is the present rate on a—

(a) ton of wheat;

(b) ton of wool (from Beacon to Perth, and on a

(a) ton of fertiliser;

(b) ton of agricultural machinery from Perth to Beacon?

(2) What amount in each instance is credited to the Burakin-Bonnie Rock section?

The MINISTER replied:

(1) and (2) At the rates applying at the 30th September, 1953—the date of the questions—the information is as follows:—

	Rate.		Amount Credited Section.	
	s.	d.	s.	d.
Wheat	73	8	15	3
Wool	99	8	20	8
Fertiliser	73	8	15	3
Agricultural Machinery	135	3	28	1

I would like to draw the hon. member's attention to the fact that these are single ton rates and they would be considerably less for truck lots.

(c) As to Derailment near Burakin.

Mr. CORNELL asked the Minister for Railways:

(1) When a derailment took place recently near Burakin, the impression was given by the department that this had occurred on that section of the line the

closure of which is threatened. Will he confirm that the derailment occurred south of Burakin and not on the Burakin-Bonnie Rock section?

(2) When did the last derailment occur on the Burakin-Bonnie Rock section?

(3) Did the running of Garrett engines on this section of line some few years ago considerably deteriorate the permanent way?

The MINISTER replied:

(1) The derailment occurred south of Burakin.

(2) There is no record of any derailment on this section.

(3) No.

(d) As to Uneconomical Lines.

Mr. CORNELL asked the Minister for Railways:

In the opinion of the Railways Commission what lines are beyond the scope of economical railway working?

The MINISTER replied:

Revised information for all sections of line for the year ended the 30th June, 1953, is being compiled and will be studied by the commission when finalised.

(e) As to Criticism of Midland Junction Workshops.

Mr. BRADY (without notice) asked the Minister for Railways:

I would like to preface my question by quoting an article that appeared in this morning's issue of "The West Australian" and which contained two statements made by Country Party members in another place. They were as follows:—

The Midland Junction railway workshops were a "laughing stock" where nobody cared because nobody had to.

Nobody cared at the Midland Junction workshops because the costs were always passed on.

The next statement referred to the "workless workers" at the workshops and continued—

... that at knocking off time men were in danger of being knocked over in the rush out of the premises.

Following on that I would ask the Minister:

(1) (a) The annual cost of running the Government Midland workshops?

(b) The value of the work performed by the Midland workshops?

(c) The annual cost of running the Legislative Council?

(d) The value of the work performed by the Legislative Council which is predominantly controlled by Liberal and Country Party members?

(e) The average hours of work of the Midland workshops?

(f) The average hours of sitting of the Legislative Council?

(2) Will the Minister for Railways ask the Minister representing him in another place to inform the members there that the increase in freights now a subject of discussion was caused by the Federal Liberal and Country Party Government, of which the representatives of the Liberal and Country Parties in the Legislative Council are a counterpart, preferring to reduce taxation to its friends rather than assisting the State Labour Government with much needed loan funds?

The MINISTER replied:

(1) and (2) I did discuss the question with the management of the Midland workshops this morning. I paid a visit to the workshops and the management informed me that there is little or no foundation in fact in the statements made and they are going to let me have a report in rebuttal of what was said in another place by certain members.

The other points mentioned by the member for Guildford-Midland will receive consideration and I will have inquiries made and furnish a report to the House.

EDUCATION.

As to Shackleton School, Sanitary Arrangements.

Mr. PERKINS asked the Minister for Education:

(1) Has the Education Department been advised by the local authority that Shackleton townsite including railway houses is being changed over to septic tanks sanitary system, and that no pan service will then be provided by the local authority?

(2) Has the local authority offered to finance the changeover by repayment over a period of seven years similarly to private householders?

(3) Does the Government intend to authorise this work at Shackleton school, and if not, what arrangements are being made?

The MINISTER replied:

(1) Yes.

(2) Yes.

(3) Tenders will be called shortly.

FOUNDRY CHARGES.

As to Scrap Iron and Steel Castings.

Mr. LAWRENCE asked the Minister for Railways:

(1) Did he read in "The West Australian", of the 9th September that Hadfields Ltd. steel foundry, whose main customers are Government undertakings and mines, had increased their net profits last financial year as compared to the previous year by 28 per cent.?

(2) In view of the fact that local steel foundries are reported to have a gentleman's agreement whereby they have fixed the maximum prices for scrap and the minimum selling prices for steel castings, will he make inquiries as to the relative costs of similar materials in the Eastern States?

(3) As a further check, would he consider extending the activities of the State Engineering Works by increasing the output in the manufacture of steel castings?

(4) Will he inform the House if local steel foundries are endeavouring to purchase at scrap prices some 15,000 tons of old rails which are or will become available in the near future?

The MINISTER replied:

(1) Yes.

(2) Yes.

(3) The output of steel castings at the State Engineering Works could not be increased without the addition of expensive plant for which funds are not at present available.

(4) Inquiries for the purchase of scrap rails are received from many quarters. Disposal of any substantial quantity as mentioned would be arranged by competitive tender.

WATER SUPPLIES.

(a) *As to Conversion of Salt to Fresh.*

Hon. C. F. J. NORTH asked the Minister for Water Supplies:

(1) Regarding the experiments commenced in U.S.A. under ex-President Truman to enable salt water to be made fresh in great quantities, and at a cheap cost, is any information available to the department on their progress to date?

(2) Seeing that over £500 millions was set aside for the work and that our "Never Never" in W.A. covers many thousands of square miles, can this matter be given some attention?

(3) If the answers to Nos. (1) and (2) are in the negative, will he arrange with the Premier to seek the information through our Ambassador in U.S.A.?

The MINISTER replied:

(1) The de-salting of sea water is possible and has been done in special circumstances, on a very small scale, but only at very great cost.

Research into the production of fresh water from sea water on a large scale, and at cheap cost, is being carried out mainly in the U.S.A. but as yet with no definite results.

The Public Works Department is in direct touch with the C.S.I.R.O., which has available information under review.

(2) and (3) Answered by No. (1).

(b) *As to Domestic Position, Bridgetown.*

Mr. HEARMAN asked the Minister for Works:

In view of the grave position confronting the town of Bridgetown in relation to water supplies for domestic use next summer, will he immediately make available an engineer from the P.W.D., to—

(a) make a survey with a view to determining the most satisfactory temporary supply, if any, suitable for establishing a water point from which residents could arrange cartage of domestic supplies;

(b) advise the local authority on any matters appertaining to the emergency that seems likely to arise;

(c) advise consumers, particularly the hospital, hotels, school, etc., of what steps it is advisable for them to take, such as making temporary provision for water supply for septic tanks as he may deem necessary;

(d) tender any other advice he may think necessary to any person or body?

The MINISTER replied:

It is considered that sufficient water is available to meet the normal household requirements of Bridgetown, provided that consumers conform to the restrictions imposed.

The consumption will be under close supervision and an engineer will visit Bridgetown at regular intervals to advise the road board, hospital, and other consumers, particularly those who have septic tanks.

The consumers will be kept advised of the overall position periodically through the local newspaper.

SHIPPING.

As to Loss of Cargo, Bunbury.

Mr. HILL asked the Minister for Works:

(1) What class of cargo and what was the tonnage of cargo (if any) lost to the port of Bunbury last year, because the proposed £600,000 jetty extension with 32ft. depth was not available?

(2) What number of school class rooms could be provided for £600,000?

The MINISTER replied:

(1) The class of cargo is mainly primary produce. The tonnage cannot reasonably be estimated, but is thought to be considerable.

(2) 135 on the basis of brick classrooms in the metropolitan area. The price includes not only the cost of classrooms but of proportion of ancillary services, such as proportion of lavatory, cloakroom, teachers' room, etc.

HOUSING.

(a) *As to Land Held by Commission.*

Mr. WILD asked the Minister for Housing:

(1) How many subdivided blocks of land are owned by the State Housing Commission in the Belmont Road Board area?

(2) Of the blocks referred to in No. (1), how many are already serviced with roads and water?

(3) What area of land was resumed by the State Housing Commission for the large building project planned for Queen's Park?

(4) What area of land was owned by the State Housing Commission at Queen's Park prior to the recent resumption?

(5) What is the total area, including land previously owned and recently resumed for the new building project at Queen's Park?

The MINISTER replied:

(1) 138.

(2) Approximately 96 but this includes 35 blocks either unsuitable or not available.

(3) 22 acres, 2 roods, 15.4 perches.

(4) 33 acres, 1 rood, 13.5 perches.

(5) 49 acres, 2 roods, 39.9 perches.

(b) *As to Statements by Minister.*

Mr. WILD (without notice) asked the Minister for Housing:

Will he inform the House as to which of the following is correct:—

(a) The statement appearing in "The West Australian" of the 1st October, 1953, wherein he stated, when referring to the 300 houses that would be completed at Kwinana at the end of next week, that this was an outstanding effort by the Commission and the men employed on the job, and especially so when the fact was taken into account that the building programme elsewhere in the State had been stepped up; or

(b) the reply to a question on Thursday, the 24th September, 1953, indicating that the number of contracts, let in the country, for workers' homes from the 1st January to the 22nd September, 1953, was 140, whereas in 1952, for the same period (excluding September) the number was 271?

The MINISTER replied:

Both statements are correct. I would like to point out, however, that the hon. member has set what is obviously a trick question, because had he read and appreciated the answer to the question on the 24th September he would have realised that 403 contracts were let in country districts for the period mentioned, whereas this year the total is 1,160.

LEGISLATIVE COUNCIL.

As to Despatch of Business.

Mr. McCULLOCH (without notice) asked the Minister for Housing:

In view of the fact that the State Legislative Council periodically goes into full retirement when important business requires attention, would he give consideration to the proposition that the State Housing Commission erect suitable convalescent cottages where members of the Council could leisurely determine how to spend the parliamentary salary they receive while in retirement?

The MINISTER replied:

The matter will be given consideration—but not much.

RURAL AND INDUSTRIES BANK.

As to Appointment of Commissioner.

Hon. Sir ROSS McLARTY (without notice) asked the Minister for Lands:

(1) Has Mr. A. P. Gabbedy been selected by the Government to take the place of the late Mr. Austin as a commissioner of the Rural and Industries Bank?

(2) Were applications called for the position?

(3) If so, how many were received and how many officers of the Rural and Industries Bank applied?

(4) Were any of these senior to Mr. Gabbedy; if so, how many?

(5) If Mr. Gabbedy is to be appointed to the position, what outstanding qualifications has he got over the other applicants which justified his selection in preference to them?

(6) In what branch of the Rural and Industries Bank has Mr. Gabbedy been employed, and what has been the nature of his work?

The MINISTER replied:

(1), (4), (5) and (6) No appointment has been confirmed as yet.

(2) Yes.

(3) There were 18 applicants, of whom ten were Rural and Industries Bank officers. The question of this appointment is wrapped up in the Government's intention to submit a Bill to Parliament shortly to widen representation and powers of the bank's board.

LOCAL AUTHORITIES.

As to General Rate, Kellerberrin Road Board.

Mr. CORNELL (without notice) asked the Minister representing the Minister for Local Government:

When replying to question No. 9 standing in my name on yesterday's notice paper, the Minister admitted that the Kellerberrin Road Board had rated in ex-

cess of the maximum allowed by the Road Districts Act but added that the board was expected to take remedial action at its October meeting. Will he give details of the remedial action which it is expected the board will take?

The MINISTER FOR RAILWAYS replied:

This is a matter for the Kellerberrin Road Board to decide after obtaining legal advice.

ENTERTAINMENTS TAX.

(a) *As to Admission Charges to Film Shows.*

Mr. JAMIESON (without notice) asked the Premier:

(1) Is he aware that the Public Relations Council of the Motion Picture Industry of W.A. extensively advertised that the full benefit of the abolition of entertainments tax as announced by the Federal Government would be passed on to the public except to the extent of any reimposed State tax?

(2) Would he agree that this is merely an attempt on the part of this body to embarrass the Government in carrying out its lawful duty?

(3) Is he aware that at least one city exhibitor has increased the price of admission as from today, despite the assurance of the Public Relations Council of the Motion Picture Industry of W.A.?

The PREMIER replied:

(1) I understand that a campaign of the sort indicated has been carried on by the council.

(2) I think the campaign has been carried on partly on a political basis and partly for the purpose of trying to cover up the responsibility that the film industry has to reduce admission charges on the basis of the reduced company taxation that has been made available by the Commonwealth Government to the companies concerned through the provisions of the recent Commonwealth Budget.

(3) I am not aware that a city film proprietor has today increased the usual charge for admission. However, I will have inquiries made into the matter.

(b) *As to Scope for Reduction of Charges.*

Hon. A. V. R. ABBOTT (without notice) asked the Premier:

If the whole of the relief of company taxation were devoted to a reduction of the price of admission tickets to picture theatres, by how much would the price of tickets be reduced?

The PREMIER replied:

I have not the faintest idea.

Hon. A. V. R. ABBOTT: It would not be in the currency, would it?

The PREMIER: I have not the faintest idea, but that does not excuse the companies from having failed to take any action so far to make available to their patrons who keep the theatres going the benefits of the reduction in taxation.

Hon. A. V. R. ABBOTT: How could they, when they are below the currency amounts?

Mr. SPEAKER: Order!

The PREMIER: In regard to the further question by the member for Mt. Lawley I would say that the companies could reduce some charges. They have been talking in recent days about heart-felt concern for the family man and the worker and they could at least have reduced the lowest charges.

Hon. A. V. R. ABBOTT: Of course they could not—even the lowest charges! That is pure propaganda.

Mr. SPEAKER: Order!

BILL—CREMATION ACT AMENDMENT.

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

BILL—INDUSTRIAL DEVELOPMENT (KWINANA AREA) ACT AMENDMENT.

Read a third time and transmitted to the Council.

BILL—STATE GOVERNMENT INSURANCE OFFICE ACT AMENDMENT.

Second Reading.

Debate resumed from the 24th September.

HON. A. V. R. ABBOTT (Mt. Lawley) [2.42]: I should like to make a few prefatory remarks on this Bill as I was the Minister in charge of the State Insurance Office during the regime of the previous Government and I then formed a very high regard for the manager. I learnt to respect his ability and efficiency, and felt that both he and his staff carried out their duties faithfully and well. None the less, I am not keen on the State Insurance Office.

It might be well to trace the history of this illegitimate child. I am quite correct in saying that it had illegitimate birth because it was born outside the law and in defiance of the law.

The Minister for Labour: It was later approved by Act of Parliament.

Hon. A. V. R. ABBOTT: Yes, but it was established in defiance of the law by a Labour Government, and that was a bad business indeed. When democracy does not observe the law, we are approaching the regime of a dictatorship. That is what Hitler did and what those in control in Russia are doing today. Once the laws

of the country are not observed by the Government, it is entering the realm of a dictatorship. Admittedly there are times when the temptation to take such action does exist, but to yield to the temptation is quite wrong.

The Premier: Will you admit that the democratic House had originally passed the law to set up a State insurance office?

Hon. A. V. R. ABBOTT: I am prepared to admit that the present system is highly democratic and, further, I think the Premier believes it, too. I go so far as to say that I think a majority of members on the Government side of the House sincerely believe that the man who has all the responsibility of bringing up a family and is the key-note of our civilisation should have a direct say in the government of the country.

The Minister for Labour: And his wife, too?

Hon. A. V. R. ABBOTT: Yes.

The Minister for Housing: You had better talk to your mates at the other end of the building.

Hon. Sir Ross McLarty: What has that to do with the Bill?

Hon. A. V. R. ABBOTT: Nothing. In 1926, because of a dispute as to the information that should be given to the concerns carrying on insurance business in order that they might be able to formulate a reasonable premium rate under a new amendment to the Workers' Compensation Act, the then Minister said, "I am going to establish the office in spite of the law", and he did it.

Mr. Moir: Oh, no!

Mr. J. Hegney: It was confirmed years after that.

Hon. A. V. R. ABBOTT: Many years after. I intend to tell members the whole history. I am merely reminding them how this office came into being, which is something of which I think members opposite do not really approve in their hearts.

The Minister for Lands: Are you always like this just after lunch?

Hon. A. V. R. ABBOTT: I am telling members a few truths and they have not the guts to take it. That remark goes for the Minister, too. Let him sit quietly and take what I give him, and I shall be prepared to take whatever he likes to hand out afterwards. Not one member on the Government side likes what I am saying.

The Minister for Housing: I should say it is funny.

Several members interjected.

Hon. A. V. R. ABBOTT: Whenever supporters of this Government are told something they do not like, they invariably try to laugh it off. We have had examples of that repeatedly. Why be so stupid? Why not listen and treat the matter seriously? Why laugh?

The Premier: Why do not you try to laugh occasionally?

Hon. A. V. R. ABBOTT: Let us be a little more decorous. A number of measures were introduced to legalise the action in commencing a State insurance business, none of which met with success. In 1937 another Bill was introduced and a select committee was appointed to consider the measure. The findings of the select committee were, firstly, that legislative authority should be given to validate the business that had been carried on illegally for a number of years; secondly, by a majority decision, that the office should be authorised to carry on marine and fire insurance business; and thirdly—this was a unanimous decision so far as the report shows—that it should be made quite clear that life assurance should not be permitted.

In the following year a Bill was introduced and Parliament authorised and confirmed the carrying on of the business in workers' compensation and employers' liability that had previously been conducted by the office. So far as I can ascertain, it did not authorise the carrying on of fire and marine insurance business. But that did not prevent the Government of the day ensuring that the State Insurance Office handled its business. I know it was done by a subterfuge and infiltration, but it has carried on that activity ever since, and without authority.

Mr. Moir: It has done a good job, too.

Hon. A. V. R. ABBOTT: The hon. member might think so, but I submit it has not done such a wonderful job in that respect; and certainly no better job than the Government would have received had it utilised the services of the ordinary companies. The liability of the Government's fire insurance risks is carried in London now. It is not using the business that operates in Western Australia because the State Insurance Office could not carry the risk, and it does not take the risk. It insures in London.

The Minister for Works: Do the private companies go to London too?

Hon. A. V. R. ABBOTT: I should think some of them might, but as there are some 85 fire insurance companies operating in Western Australia, I imagine they could take a proportion of the risk. However, that is by the way. I am only just giving the general attitude of Labour Governments to this activity. I am not, for reasons which I shall give later, blaming them for it. The Government prefers, rather than support the local insurance companies, to do the bulk of its business with insurance firms in London.

The Premier: Did that happen under the hon. member's Government?

Hon. A. V. R. ABBOTT: Yes.

The Minister for Labour: You were Minister controlling State insurance.

Hon. A. V. R. ABBOTT: Yes.

The Minister for Labour: For how long?

The Premier: Too long!

Hon. A. V. R. ABBOTT: This only shows that once we start something outside the law and we allow custom and vested interests to creep in, it is extremely hard to alter the position. It would have been much better if the Government business had been given to the companies here that would be only too pleased to take it. The trouble that arose at the beginning was due to a new form of industrial disease in respect of which I do not think there had been any experience. The evidence given to the Royal Commission in 1937 makes it clear that the companies considered it was a difficult form of business and that they had not been fully informed on it. I venture to suggest that no one knows how sound the business is. I know, as an ex-Minister controlling the State Insurance Office, that no one is terribly happy about it.

The Minister for Health: Is that miner's phthisis?

Hon. A. V. R. ABBOTT: Yes, miner's phthisis and silicosis. If the mining industry, owing to some unfortunate circumstances, retrogressed, there might be liabilities which the fund could not meet. The Government then—I am not objecting on these grounds—would have to come to the rescue of the fund and see that those who had insured in good faith got the compensation to which they were entitled. I bring that forward to show the difficulties the companies that hesitated found themselves in at the beginning.

Mr. Moir: What liability would the fund cover now?

Hon. A. V. R. ABBOTT: In all these years and with all the experience that has been gained, no one even now is quite certain of the position of the fund.

The Minister for Health: I think actuarially it is fairly solid.

Hon. A. V. R. ABBOTT: Actuarially, things are doubtful.

Mr. Moir: On what do you base that opinion?

Hon. A. V. R. ABBOTT: On the information I received when I was the Minister in charge of the State Insurance Office.

Mr. Moir: Is it in a report that was tabled here?

Hon. A. V. R. ABBOTT: No, no report was tabled here. It is, however, a fact that it is a matter of serious difficulty now.

Mr. Moir: What amount is reserved in the silicosis fund at the present time at the State Insurance Office.

Hon. A. V. R. ABBOTT: The hon. member would know.

Mr. Moir: You are talking about it very learnedly.

Hon. A. V. R. ABBOTT: I know what reports were made to me.

Mr. Moir: What amount is in the fund at the present time, or when you were in office?

Mr. Johnson: He does not know.

Mr. Moir: Of course he does not.

Hon. A. V. R. ABBOTT: In 1938, authority was given to validate the business carried on, and the office then also undertook certain additional types of insurance—motor risk insurance—which have been carried on since. The Minister, when he introduced the Bill, suggested, with his tongue in his cheek, that my views and those of the member for Stirling might to some extent coincide with his own because he said there were some valuable contributions we could make. Nothing could be more misleading. He did not intend that at all. It was a gibe, because he knew that both the member for Stirling and I spoke against a very similar Bill in 1946.

The Minister for Labour: That does not say you did not make a valuable contribution.

Hon. A. V. R. ABBOTT: Not in the Minister's view.

The Minister for Labour: You are imputing motives now.

Hon. A. V. R. ABBOTT: It could not be in the Minister's view because the basic principle of his political life is socialism, and the basic principle of mine is private enterprise. That is a big distinction, and it is where our political views differ. The Minister and the Government are perfectly entitled to their views on the subject. Does the Minister deny that he is not a strong supporter of socialism?

The Minister for Labour: It is unfair to interrupt the hon. member, but why did he not abolish the State Insurance Office, the State Saw Mills, the Wyndham Meat Works and the State Brick Works?

Hon. A. V. R. ABBOTT: The Minister is an avowed supporter of socialism, and so is the Government of which he is a member.

The Premier: I have never known the hon. member in such a bad mood before!

Hon. A. V. R. ABBOTT: The Minister is perfectly entitled to his political views, and because of the views he holds, it is only natural that he should introduce this Bill because it forwards his programme towards socialism. It is a step towards the socialistic policy which the Minister openly avows, and, of course, the Premier does, too.

The Premier: Why pick the Premier?

Hon. A. V. R. ABBOTT: Because he is the Leader of the Government, and no Bill is introduced without his approval.

The Minister for Labour: You are a semi-socialist yourself.

Hon. A. V. R. ABBOTT: If any of my utterances in the House could be construed that way I would be surprised. I have no objection to the Minister speaking so highly of the Bill because it is an implementation of the policy of socialisation and nationalisation that he and his Government favour. That is what the Bill is for.

The Minister for Lands: You did not do anything to destroy nationalisation while you were in power.

Hon. A. V. R. ABBOTT: I think the Minister introducing the measure should have said, "This measure is to implement the Government's policy of socialisation," because that is the fact; but he made no such suggestion. Had he done so, he would have made clearer to members and to the public what the position was. In 1946, a Bill similar to this one was introduced but was defeated in another place, and rightly so. In spite of that, we now find the present measure before us—

The Minister for Lands: I do not think you are doing too well.

Hon. A. V. R. ABBOTT: When I receive a lot of interjections from Ministers, I feel that I am doing fairly well.

The Minister for Lands: I do not think you are.

Hon. A. V. R. ABBOTT: I will deal now with one or two of the arguments put forward by the Minister. He raised the bogey that the Commonwealth Government had authority to engage in insurance business, but that is something which has never been put to the test as no Commonwealth Government has yet engaged in that type of business, although an Act was passed giving the necessary authority. I think members will appreciate the fact that Sir Norbert Keenan, K.C., when a member here, stated publicly in this House that in his view the Constitution did not give the Commonwealth the power to engage in insurance business—

The Minister for Labour: What is your view on the question?

Hon. A. V. R. ABBOTT: I would naturally follow the view expressed by such a senior counsel and high constitutional authority as Sir Norbert Keenan. Members know that on professional matters that gentleman did not lightly express an opinion. He did not air his views in this House or elsewhere, unless he was reasonably assured of their correctness. To my knowledge, no Commonwealth Government has yet engaged in insurance business, and I believe that is because of the advice received from their own legal advisers to the effect that it is doubtful whether the Constitution gives the necessary power. Admittedly, there is some justification for the State Insurance Office

engaging in fire insurance, if one accepts the view of the Minister, that socialism is desirable—

The Minister for Labour: What is the definition of "socialism?"

Hon. A. V. R. ABBOTT: Even accepting the views of the Minister, I say there is no necessity for the State Insurance Office to deal in life assurance because 90 per cent. of the life offices are operated on a co-operative basis, which is what the majority of members on the Government side of the House support.

The Minister for Labour: We believe in community well-being.

Hon. A. V. R. ABBOTT: There is no need for a nationalised or State enterprise to interfere with business that is carried on by a large number of people for their mutual benefit, which is the basis on which nearly all life offices in Western Australia operate. I cannot see why the Government has sought power to authorise the State Insurance Office to enter this field of business. I am surprised to see how far the Government has gone to ensure that the State Insurance Office shall have advantages over the co-operative or mutual societies. The measure contains provision to authorise any police officer, clerk of courts or other civil servant to canvass for business for the State Insurance Office. The intention is that all public officials shall, if so instructed, engage in canvassing for business for the State Insurance Office.

Mr. Johnson: Is there any restriction on those operating other insurance companies?

Hon. A. V. R. ABBOTT: Yes. They cannot employ civil servants or police officers to canvass for them.

Mr. Johnson: But there are many people who are not civil servants.

Hon. A. V. R. ABBOTT: That is so, but this measure would make it possible for every civil servant to become an active canvasser for the State Insurance Office. The Government, which has introduced this measure, does not say, "Leave the State Insurance Office as it stands and treat it as a private corporation or entity with free competition." No! It has made provision that every civil servant may be required—that is the implication—to become an active canvasser for the State Insurance Office.

The Minister for Justice: It is for the good of the people as a whole.

Hon. A. V. R. ABBOTT: I know that the Minister is a socialist and believes what he says. He is entitled to that point of view.

The Minister for Labour: What is your definition of "socialism"? I do not think you know what the word means.

Hon. A. V. R. ABBOTT: By means of this Bill, the Government has gone along the way towards socialism. We are told that the Government is short of money, but surely it realises that a large alloca-

tion of funds would have to be made to the State Insurance Office if it were to enter the life assurance field, because it could not use, in the new type of business, funds already allocated to meet contingent claims in its existing business. I do not know whether the Treasurer gave consideration to that aspect of the matter before approving of the Bill.

Mr. Moir: Life assurance is a very lucrative form of insurance business.

Hon. A. V. R. ABBOTT: No, because 90 per cent. of it is carried on by mutual associations in which the policy holders receive the whole of the benefits.

Mr. J. Hegney: Who owns the big buildings in the city?

Mr. Moir: You can see these tremendous skyscrapers in every capital city in Australia. Who owns them?

Hon. A. V. R. ABBOTT: I have seen them and I have heard about the £150,000 which the State Insurance Office will use for its building. This sum of money must come from funds that have been set aside to meet contingent liabilities. The buildings are an investment of funds.

Mr. Moir: They must be doing very well.

Hon. A. V. R. ABBOTT: Who? The State Insurance Office?

Mr. Moir: Yes. They must be nearly broke!

Hon. A. V. R. ABBOTT: It is using funds that have been set aside to meet contingent liabilities and if the office had to meet the maximum number of claims immediately it would become bankrupt like any other insurance company.

Mr. Lapham: The same as all the banks in Australia.

The Minister for Labour: If all the depositors of the private banks tried to draw their deposits at the same time, all the banks would close.

Hon. A. V. R. ABBOTT: That is so, but the Minister will agree that the investment of funds in real estate is sound because I do not know of anything that presents a more secure investment in these days than real estate and buildings.

Hon. Dame Florence Cardell-Oliver: And socialism is taking that security away.

Hon. J. B. Sleeman: Are you worried about this?

Hon. A. V. R. ABBOTT: No, I am merely pointing out why the Government has introduced this measure; it is in furtherance of its policy.

Hon. J. B. Sleeman: In what company are you interested?

Hon. A. V. R. ABBOTT: The A.M.P. That is the office with which I have taken out my policies. I propose to oppose the second reading of this Bill, but if it should pass that stage, I intend to make some amendments in the Committee stage.

Hon. J. B. Sleeman: You mean you will move some amendments.

Hon. A. V. R. ABBOTT: That is so. I propose to move amendments in the Committee stage, firstly to delete the authority to carry on the business of life assurance and, secondly, to assist the Minister to carry out his wishes. He said, when introducing the Bill, that if this measure passed he was quite prepared to see that the State Insurance Office carried on its business on a free and competitive basis. Therefore I think the office should pay into the Treasury the same amount that a private company would pay for taxation under the uniform tax system.

The Minister for Education: And would you provide that that amount be earmarked for education?

Hon. A. V. R. ABBOTT: I would gladly do that.

The Minister for Education: Then I might help you.

Hon. A. V. R. ABBOTT: If the Minister would move an amendment along those lines I would gladly support it. I also agree that on a competitive basis the State Insurance Office should be liable for payments to the Fire Brigades Board and I asked by way of interjection whether the Minister was prepared to carry into effect the duty of paying rates to local authorities.

The Minister for Labour: You know that local authority rates have been paid on the property.

Hon. A. V. R. ABBOTT: I know that.

The Minister for Labour: And there is a provision in the Bill as regards fire brigades.

Hon. A. V. R. ABBOTT: At the moment there is no compulsion about it and I propose to move an amendment to provide that it shall be compulsory for the State Insurance Office to pay it. I know that the office, for which I have the greatest respect, is paying rates but on a voluntary basis only. That was always done with my full approval as Minister and apparently the Minister who now administers the Act has the same ideas. But I think it should be clearly set out in the Bill.

The Premier: Did the Country Party Ministers in your Government refuse to allow you to close the office?

Hon. A. V. R. ABBOTT: As far as my closing the office is concerned, members know that it is the policy of both Opposition parties that compellable insurance of a social nature should be made available without question and without any possibility of ransom. That was the finding of the select committee and the Leader of the Opposition and the Leader of the Country Party, who were members of that committee, agreed that so far as workers' compensation and other social duties which were compellable were concerned, it was right and proper that the State should have a facility for that purpose.

The Premier: The hon. member has not answered the question.

Hon. A. V. R. ABBOTT: The Premier knows very well that it is an answer to the question.

Mr. JOHNSON: What do you mean by the word, "ransom"?

Hon. A. V. R. ABBOTT: There is a provision in the Bill to whitewash or legalise the fact that the Government has utilised the State Insurance Office as a subterfuge to carry on both government, fire and marine insurance.

The Minister for Education: Your Government preferred to carry it on without legalising it.

Hon. A. V. R. ABBOTT: If the Bill is to become law, it would be better for the Government to insure with the company in the ordinary way; it would save a good deal of double book-keeping and it would save this subterfuge of the company acting as an agent. That would no longer be necessary and so I suggest that the provision, which confirms the action of the company in carrying on in that way for many years, should be deleted. Thus the State Insurance Office could be utilised by the Government to carry on all its activities and that would be much better than keeping two funds and two sets of books. Mr. Speaker, I oppose the second reading of the Bill.

MR. JOHNSON (Leederville) [3.18]: I do not think we should allow this Bill to pass without a few words from somebody other than the member for Mt. Lawley. I was most impressed by one phrase he used towards the end of his speech. He said that there should be some facility for the provision of all insurance which was compellable without the company being held to ransom. I interjected and asked the hon. member what he meant by the word, but he was strangely deaf at that particular period. The word "ransom" has some connotations which do not lead one to believe that all competitive business is perhaps as free and competitive, even in his eyes, as it should be.

The holding of people to ransom is a type of private enterprise which still, I believe, takes place in the wilder parts of Sicily and other difficult types of country. It consists—to use an Americanism—of "putting the snatch" on a person; in other words, taking him away to a safe hiding place and sending out little notes to the effect that if somebody does not pay a large sum of money the person held will be returned in instalments. In effect, the member for Mt. Lawley has said that that is the type of business private insurance companies are carrying on and will continue to carry on if they are not given free, honest opposition on a competitive basis by an organisation such as the State Insurance Office.

Hon. A. V. R. ABBOTT: I did not say anything of the sort and I did not mean anything of the sort.

Mr. JOHNSON: If that is not what the hon. member meant, it is the only logical conclusion that can be drawn from what he said. It would appear that the hon. member is forming the view that is held on this side of the House, namely, that private enterprise is not necessarily as competitive as it should or could be. For those who care to study the subject, I think there is ample evidence that private enterprise, in the majority of instances, is not strictly competitive, but does tend towards monopoly. In the insurance world monopoly has proceeded apace. There are a number of private insurance companies in Western Australia and it is exceedingly difficult to find any competition between the companies in regard to rates.

Mr. Moir: They come to an agreement between themselves.

Mr. JOHNSON: Yes, they agree between themselves to charge the same rate. If competition is to be of any value it must begin with the price for the product and the price for insurance is the rate fixed. Further, there is great affiliation between a number of insurance companies operating in this State and also throughout the world, so much so that the officers of one company are transferred to another without any break in the continuity of their service or in their superannuation benefits or similar rights. That, of course, is something that would not take place between companies that were competing with each other.

The main principle of insurance in all its forms has been built up from the urge that is shown towards socialism. It has been a form of co-operation from its earliest beginnings. Insurance was initially taken out on cargoes and ships in about the Elizabethan era and at that time there was co-operation between merchants to spread the risk of the insurance granted by them. In those days it was found that it was a type of business that could lead to profit, and certain individuals who dealt in it became specialists and took over the insurance business from the co-operative bodies by taking the risk themselves. Later, Lloyd's of London was formed as a result of a further type of socialist movement. It must be remembered that all forms of co-operation and the act of spreading the risk are forms of socialism.

Mr. Perkins: That is a fairly broad statement.

Mr. JOHNSON: It is true.

Mr. Perkins: It is only your opinion.

Mr. JOHNSON: It is true by my definition, anyway. Any member who doubts that should have a look at the definition of the word. In view of the fact that the

member for Mt. Lawley made great play with the word "socialism", I would further point out that democracy itself in the form of government as we know it is a development of socialism. It has the same meaning and has a tendency to go the same way because it is spreading to the people, by the people and for the people and is not moving away from the principle of ownership by the people instead of by an individual overlord.

Hon. Dame Florence Cardell-Oliver: Pure dictatorship!

Mr. JOHNSON: It was dictatorship when the King was the virtual owner of the country.

Hon. Dame Florence Cardell-Oliver: It was dictatorship in Russia.

Mr. JOHNSON: It was not dictatorship in Russia! The hon. member should not interrupt. I am not talking about Russia.

Hon. A. V. R. Abbott: You are a firm believer in that form of socialism.

Mr. JOHNSON: No, the hon. member is trying to foist that on to me. It must be remembered that Russia and socialism are not synonymous. Although the member for Mt. Lawley has expressed his objection to this business, he was the Minister who at one time administered the State Insurance Office. I feel sure that if he had objected then in the way that he does now, his leader would have found someone else to take the portfolio.

The Premier: Definitely.

Mr. JOHNSON: I thank the Premier for that interjection and endorse it. The other point is that the Bill provides for the State Insurance Office to move into the field of assurance and deal with one of the certainties of life as well as with the uncertainties. Life assurance business operates in a certain field because there are only two things certain in this life; one is death and the other is taxes.

Hon. Sir Ross McLarty: You do know something about taxes.

Mr. JOHNSON: I am surprised at the hon. gentleman opposite being able to laugh at taxes. The point I am making is that everyone knows that this is a field of certainty and life assurance is a type of provision against a certainty which we all know must eventuate. There is no reason why the State Insurance Office should be forced—as the member for Mt. Lawley would force it—to operate in handcuffs. His statement that every civil servant could become an agent for the State Government Insurance Office is no more valid than the objection that every non civil servant could become an agent for a private insurance company.

There are, I would point out, approximately three times as many non-civil servants as there are civil servants in the age group who are able to work, and

what is more, there are a very large number of people operating as agents for the various insurance offices. I feel that there would have been some validity in the hon. member's argument had the Bill included provisions to prevent anybody who is not a civil servant from operating as an agent for a life assurance company. That would have made a valid argument, but the argument he put forward in this matter was in no way valid. Furthermore, if the hon. member were to carry out a little research into the formation of the earlier life assurance offices he would find the argument he put forward, that large sums are required to establish life assurance offices, is not valid.

Without being 100 per cent. certain and relying on memory, I believe the Prudential Assurance Company, Ltd., which claims to be the largest in the world, was started by a small group with a capital of £11, which certainly was not a very large sum with which to found that company. Admittedly there would be some handling risk, particularly if the first few lives insured were to prove bad risks or if, for instance, the State Insurance Office were to insure five people who got into a motor car and promptly killed themselves in a motor smash.

Something like that could make it difficult, and for that reason it is preferable that an organisation of this description should be established by a body with some finance behind it. But the need for large finance is not really established. It is not to be expected that when life assurance is commenced by the State Insurance Office it will promptly, within the first day, deal with premiums and assurance contracts for very large numbers of people. The business must of necessity start in a small way and build up, as have all other assurance offices.

Accordingly that particular argument is not a good one, and I do not think the hon. member could have been very wholehearted when using it. The amendments which he has foreshadowed and which appear on the notice paper, are apparently solely designed to prevent the State Insurance Office from taking over the matter of assurance, and I for one will vote against them.

Furthermore, I notice one particular difference which to my mind is outstanding in the amendment which the hon. member has in mind dealing with taxation. As the Bill lies before us, it makes provision for the State Government Insurance Office to carry out its taxation requirements as for a mutual assurance company. The amendment on the notice paper does not provide for the State office enjoying that advantage but puts it in the position of a private or corporate person. For that reason, if for no other, I intend to oppose that amendment in Committee.

MR. PERKINS (Roe) [3.35]: As members are aware, I am not particularly enamoured of State-owned concerns, but I do realise that occasions can arise when it is necessary for the State to intervene where it appears that competition from companies or persons serving the public in some particular sphere is not providing satisfactory service at a satisfactory price. For that reason I will not condemn the Bill before us solely because it attempts to extend the operations of a State-owned undertaking.

The State Insurance Office, as far as I know at the present time, is quite an efficient concern. I have heard nothing to the contrary, and I can only assume that the staff is efficient and the management generally does what is requisite to conduct the office on a satisfactory basis. It does not necessarily follow, however, that that will always be so. We have numerous instances in this State where State trading concerns have been established and have been conducted in a satisfactory manner for a while and have made quite reasonable profits in the circumstances.

As time has progressed, however, and because of certain difficulties, which, in my opinion, are inherent in any State-owned concern, the efficiency of those concerns has seriously deteriorated. As an example, I would instance the State hotels, about which I know a considerable amount because I have three of them in my electorate.

If one looks back at the record of the State Hotels Department, one finds that in the early years the service given by these State trading concerns was apparently very satisfactory, and the profits returned to the Crown were consequently also satisfactory. But over the years that position altered entirely, until at one stage these State trading concerns were making hardly any profit at all and the hotels were not giving satisfactory service to the public, not because of any fault of the staff in those particular hotels, but apparently because the overall management had deteriorated to a very serious degree.

The Minister for Labour: Are they the only ones that have been reduced in efficiency?

MR. PERKINS: If the Minister is going to suggest that a State-owned concern should be conducted on an efficiency basis comparable with the least efficient of its competitors, then I consider he is not making a very good case for the extension of the operations of the State Insurance Office. The first requirement of a State trading concern must surely be that it should be conducted on something of a model basis, and for that reason the Minister's interjection was rather wide of the mark. I would raise the point very seriously that the experience we have

had in Western Australia of State-owned concerns has not been a particularly happy one.

Before they cast a vote in favour of this Bill, I suggest members should have a look at the past operations of each of our State trading concerns and see if the success of those undertakings to date has been sufficient to justify confidence that the extension of the operations of the State Insurance Office is not going to suffer a similar fate. I wish to make it clear that up to the present I have no criticism to make of the State Insurance Office but I have a feeling that that may not always be so.

I do not have the confidence necessary to make me accept the suggestion that there is justification for the extension of the operations of that office. If the office is allowed to operate on its present basis for a greater period, then perhaps the Government will have a more solid foundation for recommending to this Parliament an extension of its operations.

I have already mentioned that there might be justification for the State to intervene in a field that does not seem to be well served, but one can hardly say that justification exists with respect to insurance. If there is any field of commercial activity that is fully served at present, it must surely be that of insurance. I do not know the exact number of insurance companies operating in Western Australia, but it is considerable; and while, as the Minister has stated, many of those companies belong to an association and in his opinion do not provide real competition, on the other hand that does not apply to all the non-State insurance companies operating here.

We have, for instance, insurance conducted by the co-operative movement. I have heard members on the other side of the House stressing the advantages of that movement, and in recent days the member for Guildford-Midland advocated the widening of the scope of the Companies Act in order that co-operative companies might have greater opportunities. But when it comes to deciding whether co-operative insurance is more desirable than State insurance, apparently members on the Government side consider that State insurance must have preference. While it is true that the co-operative companies conducting other than life assurance business do charge rates based on the tariff schedules of the associated insurance companies, on the other hand, whatever profits are made by the co-operative companies are rebated to the people doing the insurance.

Sitting suspended from 3.43 to 4.4 p.m.

MR. PERKINS: I was saying that the insurance field is particularly well covered in that not only is there a great number of ordinary companies operating, but it is

also served by various forms of co-operative enterprise. The co-operative movement in one form and another provides for practically every class of insurance in Western Australia. The life assurance field, as members know, is particularly well covered. The difference between the co-operative companies and any State scheme of insurance is that whatever profits are made by a co-operative concern go back to the people who are actually doing the insurance, which is not the case with a State scheme.

The members on the Government side of the House are supposed to support the idea of co-operative enterprise. If they accept that principle, they must support it as compared with a State scheme. If the State Insurance Office shows a profit, it goes into Consolidated Revenue and is used to the advantage of all the people of the State irrespective of whether they ever insure their property or their lives. Surely as a principle that cannot be supported compared with the principle of rebating any savings back to the people who are actually paying the premiums to cover the risk.

I would be interested to hear what the member for Guildford-Midland thinks about this question. As I mentioned earlier, he introduced a Bill to ease the way for co-operative companies in Western Australia and to encourage them in whatever form of enterprise they seek to serve. If the hon. member accepts the principle of co-operative enterprise he should not feel there is any need to extend the operations of the State Insurance Office into fields which are already adequately covered in this State by the operations of co-operative companies.

There can be no doubt that, with respect to life assurance companies, the whole of the advantages must go back to the insurers. The only people who have any interest in a fully co-operative life assurance office are the policy holders. For that reason, no one can deny that such companies are to be encouraged rather than that the State should attempt to obtain some rake-off from this particular field in order to place it to the credit of Consolidated Revenue and eventually advantage everyone in the State, irrespective of whether or not they take the tiniest interest in insurance. In addition, various other forms of insurance operate in Western Australia at the present time. Many members must be aware that the Farmers' Union runs a scheme whereby it uses Lloyds' brokers to facilitate the insurances of its members. This arrangement operates to their benefit and satisfaction.

If members care to examine the insurance field they will find that there are many variations of that arrangement. I maintain that in this line of insurance there is every opportunity for those who have occasion to cover themselves against

any risk to do so, and at the absolute minimum cost at present. If they desire to avoid the objection that some people have to benefiting shareholders of a private company, there are avenues by which, in every field of insurance, they can deal through the co-operative organisations that I have mentioned.

Whatever Government is responsible for the operations of a particular State trading concern, there must be a grave temptation, if that instrumentality is finding itself in difficulties through competition with private companies, co-operative companies or enterprises of any other kind, to load the dice to some degree against those competitors. There are many ways in which advantages can be placed in the way of a State trading concern. We have seen an instance of this in recent times with relation to the airlines operating between Western Australia and the Eastern States, where it was necessary for the Commonwealth Government actively to intervene in order to ensure that both T.A.A. and A.N.A. remained in operation.

To that end the Commonwealth Government had to allot some portion of its freight and other traffic to A.N.A. It would be open to any Government, so minded, to maintain a set-up under which a State trading concern would have an unfair advantage over its competitors and in certain instances that policy might cost little, but in others it is easy to visualise that the advantage could be given at the expense of the taxpayers of the State. Although there is no question of anything of that nature occurring at the moment, I believe that when Parliament is considering a Bill of this nature, which will have operation for an indefinite time in the future, it is necessary to consider what difficulties might arise in the days to come.

I submit that the Government has not made out a real case for the extension of the operations of the State Insurance Office. I have no reason to think that the management of that office is other than first-class and I hope that that remains the case because that instrumentality is providing useful competition in the field in which it is operating, but I believe that it would be more reassuring to this House had the operations of the State Insurance Office already continued over a longer period. My contention is that there is no reason why this Bill should not be deferred for another two or three years until we have seen more of how the operations of the State Insurance Office work out. Be that as it may, I still do not like the principle of State trading as I have a preference for private enterprise. When a Government brings down a measure for the extension of State trading, I think it should be able to make out a strong case for that extension and be able to show that the field to be covered was not being properly

catered for. I submit that that has not been done by the Minister on this occasion.

MR. ANDREW (Victoria Park) [4.15]: I support the Bill because I believe it is necessary for the State Insurance Office to extend its operations and I hope later to give some figures to prove my contention in that regard. I was interested in certain of the statements of the member for Mt. Lawley but after he had spoken for about half-an-hour I became confused as to what he really did mean. He said that this insurance legislation was first put into operation against democracy, and then he said that we have a democracy here, inferring that the Legislative Council is elected on a democratic basis, and I must differ from him there.

I have a block of land at Rockingham and consequently have a vote there in elections for another place, but there are couples living in houses down there and only one of each couple has a vote. I have also a vote for elections for another place in the metropolitan area, and if the member for Mt. Lawley can say that that is democracy, our views of what the term means must be different. He stated that there were 87 fire insurance offices in Perth—I knew that there were about 70—so members can imagine just what an incubus that constitutes on the community.

Each of those companies has a manager, a staff and an office. They are all duplicating each other's work, and the people of the State must pay for it. Surely that is an indictment of the present position. The major portion of the hon. member's argument against the Bill was that it was socialistic; but when asked what he means by "socialistic," he could not answer. I believe this legislation should be approached on its merits and I feel that the member for Roe dealt with it on a much better basis than did the member for Mt. Lawley, because he did put forward some arguments which showed why he was not satisfied that the State Insurance Office should extend its activities to another field.

I will later give instances of where people have not been served by the present set-up in life assurance. The member for Mt. Lawley stated that it would take a great amount of money to start life assurance operations. I think the member for Leederville answered that when he said that it would occur only in exceptional circumstances because the premiums are paid before the person becomes insured and, on the average, they cover any commitments arising through people passing away and so forth. Most present-day insurance policies are payable at death as well as being endowment policies.

Both the member for Mt. Lawley and the member for Roe spoke about competition. I know that there is a certain amount of competition, but if one looks

at the tables of the various companies one finds that there is very little difference in the rates; there might be 1s. or 2s. on a £1,000 policy. One company is a few shillings cheaper on one policy, while another company may have slightly larger bonuses; but, generally speaking, there is very little difference in the rates.

Let me give an instance of this aspect. A certain businessman wanted to take out some insurance and as he desired to get the best deal possible he invited several insurance agents to his office. While one agent was able to point out that his company had an advantage over others in a certain respect, another agent was able to show that his company provided better terms in another direction; and so it went on. As a result, this businessman was rather confused and did not know which policy to accept. Ultimately he signed up with the man who had flattered him by telling him that he was the hardest-headed businessman he had ever met. As a result of that flattery, the businessman accepted the policy.

As I said a moment ago, I will give some instances of where I consider the State Insurance Office, if it took part in life assurance business, would render a service to the people of this State. There was a businessman living in High-st., Fremantle—I will not mention his name—who took out an assurance policy with a certain company in Perth. This policy was for accident and sickness. The man met with an accident and was paid for the number of weeks he was away from his business, but the company wrote to him, refunded the portion of his year's premium that still remained, and said that the company wished to discontinue the policy. The reason given by the officer in charge of the department was that the insured man was prone to accident; the company wanted a winner all the time.

This particular person is a man of some dignity and he went to the manager of the company and said, "I do not like being wiped off like this. I will pay you the balance of the year's premium and I will give you an undertaking in writing that I will not make any more claims for the rest of the year." The manager accepted that; apparently he did not have any dignity and should have felt about the size of a threepenny piece. That is one of many instances in the insurance game today. I know, because I was in it. A person insures against the risk of sickness and accident, and because he makes a claim the company wipes him off. That is being done repeatedly and I am sure that if the State Insurance Office was permitted to take part in this field of insurance, the members of that office would not be so hard-hearted or money-grasping as some of the other insurance companies. The company to which I have referred is a mutual company.

There is another case, and this concerns the I.D., or industrial field, where a person takes out an endowment policy—that means that a person insures for may be 20, 25 or 30 years and then gets paid the sum insured plus bonuses. In this type of insurance, if death occurs before the insured term has expired, payment is made in full, plus any bonuses accruing up to that time. In this particular policy there was a further provision that if death occurred as the result of an accident, the company would pay double the sum assured. The young fellow concerned met with an accident in a bike race and the company paid only the sum assured and refused to pay the accident portion. An officer of the company concerned told me that he understood the young fellow was covered for the accident portion and that payment should have been made.

There are hundreds of such cases and I can give members the names of the persons concerned in the cases I have quoted. As I said, I was in the insurance business for about eight years and employees are given what are termed "pep" talks. Rallies are held where agents are urged to get more business, and one would think that the companies were on a crusade to save the world. The companies urge men—and they are mutual companies, too—to get more business and if, at the end of a week, an agent has not done too well, the senior members of the company look down their noses and say, "You have not done too well this week." If a man has done quite well in one section of insurance, such as I.D. or O.D. and not in another, he is urged to do better next week.

In other words, if a man kicks so high this week, he is urged to kick higher next week, and so it goes on; the companies are never satisfied. In fact, I think insurance is like feeding a great heathen god; agents are shovelling insurance policies into its huge mouth all the time and the more it gets the more insatiable it becomes. Therefore because agents are forced to try to get more business all the time, some of them resort to misrepresentation. The majority of them do not, but some do, and that tends to give insurance a bad name.

Hon. C. F. J. North: Misrepresent what? The terms?

Mr. ANDREW: An agent will say that for 2s. a week a person can take out a policy worth £120 plus £100 in bonuses at the end of 20 years. Probably the insured person will not get a half or even a quarter of that sum in bonuses, and some of the stories told are absolutely fantastic. Some agents go out with others and are introduced as one of the head men from the East. They tell the people that they have some special policies which are available to customers who are "A" class on the company's books. They then proceed to say that if the person increases his insurance from 2s. 6d. to 10s. a week, or something like that, he will be able

to take part in some of the extra bonuses that are being given; they will participate in the Australian and also New Zealand bonuses. I do not know what the New Zealand policy holders would have to say about it, but those are the sort of stories that some insurance agents tell.

I know a good deal about them because until lately I was president of the Insurance Agents' Union of Western Australia. As a result of these happenings the union was forced to bring in a code of ethics among insurance agents, and if an agent did anything that was outside that code of ethics, the union took action against him. We did that for the protection of our good name.

There is another factor, too. Costs in insurance are high and a few moments ago I spoke about accident and sickness insurance. With that class of insurance the agent who sells a policy gets 20 per cent. of the premium. He does not get the 20 per cent. for one year only, but he gets it for every year that the insured person pays his premiums. That tends to make charges higher and I believe that that is one direction in which the State Insurance Office could do some good if it were permitted to engage in the life assurance business. To my way of thinking, insurance agents in Australia have had a worse deal than any other section of workers.

During the inflationary period that has extended over the past few years, no section of workers has suffered a reduction in remuneration, except insurance agents. They have not been so fortunate, because their collecting commission rates have been reduced from 12½ to 11½ per cent. They also received 2½ per cent. for collecting O.D. premiums, but even that small remuneration was taken away from them, together with other amenities that they previously enjoyed. Further, the number of names on their field books was increased and, as a result, they had to work harder, but still remain on the same commission percentage as they had previously. In other words, they had to do a great deal more work in order to earn the basic wage or a little more.

If the State Insurance Office extended its operations into the life assurance field, I am sure it would not treat its employees in that way. In the main, Government employees enjoy the best conditions of employment of any section of workers and I think the same could be said in this instance. A lot has been mentioned about private enterprise in the insurance field. I have just noticed another case which I have written on the pad in front of me.

Members may remember that not so very long ago a person had an accident in a motor car following which he made the usual claim to the insurance company. Unfortunately, his driving license was five days overdue and, because of that, the company refused to pay his claim. It may be remembered that there was a big court

case on the issue. Those who think and say that there is no room for a State Insurance Office in this State are overlooking a number of facts. I am sure that office would conduct its business on more ethical grounds than the company I have just mentioned. I think I have said enough to indicate that if the State Insurance Office extends its activities to life assurance, it will prove to be of benefit not only to business people, but also to the community as a whole.

MR. NORTON (Gascoyne) [4.34]: I support the second reading of the Bill and I think my remarks will provide some answer to the queries put forward by the member for Roe. He asked that certain specific instances should be quoted by the Minister to substantiate the Bill. I think I can quote one that might satisfy him. For some years the banana-growing industry at Carnarvon has been seeking some form of insurance against storm damage. The representatives of that industry have made inquiries and approaches to many insurance companies, including Lloyds of London. In every case they have been met with a refusal and the companies will not entertain any suggestion that is put to them. It has been found that those companies will not even submit a premium, even although it may be high, that the banana growers can refuse.

If the State Insurance Office widens its field I am hoping that that small industry will have an opportunity of being able to say to it, "No, your premiums are too high," and that the State Insurance office will be able to say that at least it was willing to offer some rate of premium although it may have been prohibitive. Those in the banana-growing industry would be prepared to insure themselves by making a levy on production or by any other means within reason that would be acceptable to an insurance company.

Some two or three years ago a small ship commenced carrying cargo between Carnarvon and Fremantle. The owners of the ship approached representatives of the banana-growing industry at Carnarvon asking them if the ship could carry bananas on its return trip to Perth. It commenced operations in a modest way and the question of insurance was raised. The owners of the ship said, "Yes, perishable cargo can be insured, Lloyds of London are willing to accept the risk and everything will be in order."

Insurance was duly taken out through Harvey Trinder, which company I understand is the agent for Wills who, in turn, is the agent for Lloyds of London. The premiums were paid and accepted and eventually they were forwarded to London. The banana-growers at Carnarvon were supposed to have received the usual certificate of acceptance in return. However, owing to the great distance involved, be-

fore the certificates were received disaster in the way of stormy weather overtook the ship carrying the bananas and all its electrical equipment was thrown out of action.

As a result, 1,200 cases of bananas were claimed to be a total loss. The claim for insurance was made through Harvey Trinder, through Wills to Lloyds of London. That company eventually said that it had not accepted the risk and had not issued the certificates of acceptance and therefore was not liable. Negotiations continued for some time and it was finally discovered that to obtain any satisfaction under the agreement that had been made, litigation would have to take place in London. That would have proved a costly business for a small industry situated in the north-west of Western Australia. However, after a considerable time Lloyds of London apparently wished to appear generous and agreed to pay the representatives of the industry £1 for every £3 10s. insurance it had taken out. As members can realise, this resulted in a tremendous loss to the industry.

The member for Roe supported the co-operative movement in regard to insurance. I, too, am a great supporter of the co-operative movement and I have had a great deal to do with it. I do not know whether the hon. member was deliberately trying to be misleading, but he should know that the first essential in the co-operative movement is that a person must be a shareholder before he can participate in any rebates that are made from profits. This principle is not followed by the State Insurance Office if one insures with it because that office does not demand that a person should become a shareholder before he is able to participate in any profit that is made.

Every person who insures with the State Insurance Office automatically helps to reduce the administration costs and thereby assists in reducing the premium rates which finally results in increasing the amount that will be paid on any claim. Therefore, co-operative companies cannot be compared with the State Insurance Office and nobody should be misled by the statement that a co-operative company pays a rebate on all insurance taken out with it. It only pays it to those people who are prepared to take out a £10 share in that company.

MR. COURT (Nedlands) [4.40]: If we accept the premise that the Government should enter into trade in addition to its duty of governing the State, we might see considerable merit in several of the clauses in the Bill, and in the general approach to what it seeks to achieve. But members on the other side of the House will appreciate that I do not accept the premise that the State Government should enter into trade in addition to its true

function of governing the country, and for that reason I am basically opposed to the Bill. There is always the great fear that when Governments enter into trading activities there are likely to be political implications and, in fact, there are often very great and real dangers of interference and pressures in respect of those particular trading activities. If a Government contents itself with purely governing and sees that those governed conform to the laws of the land it automatically keeps itself aloof from those pressures and those various forms of interference.

The Minister for Lands: What did they do over the last six years?

Mr. COURT: I am not speaking on behalf of the Government of the last six years. I am in the position of not having been here, for one thing.

The Minister for Lands: You know what occurred.

Mr. COURT: I do not support the advances made, if they did make advances in State trading. Having studied this measure very closely, I do not doubt the good intentions of the Minister. He has obviously been to great lengths to try to preserve certain relationships between the State office and private companies. As he made clear to the House in his second reading speech, he set out to remove certain matters which have been complained of in the past in respect of competition between the State Insurance Office and private companies. If one did accept the premise to which I referred, they would then naturally find themselves in complete agreement with the Minister in the effort he has made to remove some of the anomalies complained of in the past.

No matter how well intentioned he may be in his efforts, however, to remove those anomalies and to create a state of competition between the State office and the private companies, the fact remains that he cannot legislate for his successors. As time goes on, I can very easily see this measure being used as a stepping-stone to further intrusion into this particular sphere of activity. I refer to the general insurance field, both as it concerns fire, accident and marine on the one side and life assurance on the other.

In approaching the question of whether a state of affairs has arisen whereby the State should seriously consider expanding its activities in the insurance world, I have asked myself five questions to test the need for this intrusion into this field of activity. Firstly, I asked myself: Is private industry ready and willing to render the service? Secondly, are there adequate facilities available to the public? Thirdly, is there competition? Fourthly, are the present facilities efficient, are they reliable and are they of sufficient stability to stand up to their obligations? Fifthly—and this I consider a very important question—are the prevailing conditions of

employment in the insurance world fair and reasonable? If we answer those questions fairly, I think the answer would be "Yes" to each of the five questions.

Dealing with the question of adequate facilities and competition, I must say I was rather surprised when I noticed in the Governor's Speech that the question of State insurance would arise, because it was only the night previous that I had the advantage of reading some of the utterances of the Premier—he was then Leader of the Opposition—in 1952. I had been advised by a friend on the opposite side of the House that I could not do better than read some of the recorded speeches by the Premier, because he described him as a very expert debater and one who was always in full possession of his facts.

Hon. Sir Ross McLarty: Not always; I disagree there.

Mr. COURT: I am not commenting on the advice I received except to say that it was very interesting to follow it. Some of the quotations I read dealt with the fact that there were too many insurance companies in the State already. The words used by the Premier were that "there were too many of them." He went on to say that if there is one class of business that is overdone, it is the insurance business. At that time he was chiding the then Government for having given a permit to the Prudential company for the erection of its building, and he asked the then Government not to issue building permits for organisations of this kind "at this time or for some years to come".

Accordingly, it must be some embarrassment to the Minister introducing the Bill to be faced with comments of this nature made by his leader. There is intense competition in the insurance world and that competition is from several quarters. There are the private or so-called tariff companies; there are the other companies which act on a more or less mutual basis; and there are what we normally refer to as the non-tariff companies. I have not yet touched on the question of life assurance, because it is a separate factor. But there are those three distinct types of companies all vying with one another with a degree of intense competition between the tariff companies, the companies which could be classed as mutual companies and those which are non-tariff companies.

The mutual companies—and I refer to such companies as operate under the supervision or patronage, or whatever it might be called, of bodies such as the Chamber of Manufactures—do rebate their premiums at the end of the year on a bonus or rebate basis to a degree that has aroused the ire of some of their competitors, because they say the rebates have been so generous that it makes competition a little fierce. I may say that I have

referred to them as being on a mutual basis, because one has to belong to one of these organisations to receive the benefit of their rebates.

The number of companies operating in Western Australia is often criticised and at first glance it might appear as though the field is over-catered for. But I do want to point out that there is great need for a number of companies to operate in this State or in any other part of Australia, because insurance is not just something for which we can legislate by straight-out arithmetic. There are certain occurrences in insurance that are almost unpredictable. Through the great insurance structure which has been built up throughout the British Commonwealth and which is interlocked with other parts of the world, there has been a desirable, and in fact necessary, spread of risks between the companies—in our own case throughout the metropolitan area, throughout the country and then interstate; and that goes further, and they are spread abroad.

It is in the public interest that that big organisation has been created, so that the insurance companies are able, with absolute certainty, to meet any obligation that may fall upon them. I have asked myself why the State should want to enter into this risk. Say, for instance, it had a disaster risk and the whole of the Fremantle harbour was wiped out. From that would arise claims of terrific proportions. It is no good our saying it will not happen, because it has happened in other parts of the world.

Hon. J. B. Sleeman: It would happen here if one of the oil boats went up.

Mr. COURT: We have the classic case, which is often cited by those who study insurance, of the San Francisco earthquake and fire. That was a major disaster, but I would point out that the recovery from it was amazing; and it was amazing because of its speed for the reason that money poured in from all over the world against the insurance and reinsurances to enable that project to be reinstated with the utmost despatch. Of course, in those days money had to flow from England to America, and today the position might have to be reversed. However, that does not alter the principle involved. There was a national disaster which was taken care of through the insurance and reinsurance throughout the world in cases where people had availed themselves of the reinsurance facilities.

Another case right on our own doorstep, where a large volume of insurance spread is important, is in connection with our wool. At one stage just prior to sales the value of wool in this State reaches an enormous figure. I do not know exactly what it is, but I think I am safe in saying that it would be worth over £20,000,000 in a concentrated area. There is considerable difficulty connected with the insurance of that wool. In fact, it would be almost

impossible were it not for the large number of companies able to take their share of the burden. So I say, "Why does the State want to be involved in this field?" It is not fair for the State to step in and sap the income of the established companies if, on the other hand, it still wants to avail itself of the large reinsurance organisation that has been built up to guard against those disaster risks.

In his speech, the Minister did deal with the question of the Commonwealth office and advanced the theory that it would be a potential competitor in this State under a Commonwealth Labour Government if there were not a fully fledged State Insurance Office operating. I cannot bring myself to accept that theory, because I am firmly convinced that the Commonwealth Government of the day—and the Minister has stressed that it would be a Labour Government—would come to Western Australia if and when it wanted to. I understand it would have the constitutional authority to do so. The member for Mt. Lawley has questioned that authority, but I am assured that it exists; and if and when the Commonwealth Government wanted to come here, I am sure it would do so whether we had a State office or not.

Dealing with the non-life assurance side of the Bill, I would like to refer to several features of the measure that I consider possess a degree of danger, and I respectfully invite the Minister's attention to them because he might agree with the submissions I make. He did go to some pains to tell us it was his desire to have competition. He would not go the whole way and say it would be complete and fair competition, but I think his words were that it would be "reasonably fair competition."

With that in view he instanced taxation, stamp duties, fire brigade charges, possibly rates and taxes, and the like. He also went on to say there would be no monopoly. But I would invite his attention to the fact that in Queensland, to the best of my knowledge, there is a monopoly in respect of workers' compensation in the State office; and I have yet to be satisfied, so far as Queensland is concerned, that the workers who have to be compensated by that office are as happy as the workers in this State.

I am not talking about their entitlements, but about the method of settling claims; because, in my experience in Queensland, both in Brisbane and on the Darling Downs, there has been criticism of the method of settlement, and that can arise very easily where there is a monopoly of a particular type of insurance. I am quite prepared to accept the Minister's assurance that there will be no monopoly so far as he is concerned, but the measure before us makes it extremely easy for a person with other intentions to see, without consulting this Parliament, that there is a monopoly.

One provision, for instance, says that the State Insurance Office shall be empowered to—

undertake and carry on the general business of insurance or class or form of insurance according to the practice, usage, form and procedure which is for the time being followed by other persons engaged in the like business.

With that we cannot quarrel; but the provision goes on to say that the office shall undertake and carry on general business of insurance in such manner and form and according to such procedure as the general manager considers necessary or desirable. In that regard I can see a grave danger if the person in charge of the office or the Minister of the day had ideas of building up the office towards a monopoly. I have already explained that I am prepared to accept the assurance of the Minister that he personally plans that there shall be no monopoly. But neither he nor the present manager can be assured of what their successors in due course will do.

The Minister also referred to the fact that the State Insurance Office would be liable to pay into revenue the equivalent of the tax that would be payable by a private company. I am unable to see exactly why he made the distinction between a private company and a public company in that particular reference. It would have been more desirable to place the matter on an even basis with the other companies and provide for taxation on the basis of the ordinary rates calculated for a public company, because that is a structure applying to most of the companies operating here.

A matter on which I find myself at variance with the Minister is the proposed use of Government offices as well as officers for the agency work. That would be a very bad principle to introduce and is one vital point on which the question of comparable trading conditions and unfair competition could arise.

I should like to deal briefly with the life assurance proposal in the Bill. I received something of a shock when I realised that life assurance was to be embodied in the measure, because I felt that this was one field of endeavour that had been so built up in Australia that Governments of either party would prefer to leave it alone. Most life assurance business is conducted on a mutual basis, and if we study the history of the major companies right from their inception, we must concede that they have been formed with very high ideals and that those ideals have been maintained right throughout the piece. The members of the boards that administer these mutual bodies are usually men of very high repute who have a great interest in the overall national welfare.

The Minister for Labour: Some of them would be interlocked with the directorates of banks.

Mr. COURT: That may be so, but when we examine the personnel, we find they are men of high repute who receive a comparatively small remuneration, if any in some cases, for the valuable services they render. It is difficult to fault the administration of the purely mutual bodies.

Some criticism has been levelled by interjection at the buildings owned by these mutual bodies, but I point out to those critics that these societies must have a home somewhere and why should they pay rent for premises owned by someone else? After all, such a building is an asset created for the great mass of the people who form the mutual type of assurance society, and by having premises of their own, portions of which may be let to tenants, they achieve two very desirable results—they provide quarters for themselves and they obtain revenue from the tenants. No doubt they secure a reasonable return on the investment to the benefit of the policy-holders. A large portion of their assets is invested in real estate, which has the virtue that it holds value throughout the various changes in currency and the various ebbs and flows of economic conditions.

It is estimated that in this State alone there were, in 1951, something like 400,000 life policies in force and the aggregate value of them, together with accumulated bonuses, was in the vicinity of £100,000,000. All of that is the property of the policy-holders. Of course, there are some companies that are not completely mutual and to this extent my statement is not 100 per cent. correct. It is interesting to note the figure of 400,000 life policies for it indicates that there is not a home in Western Australia that has not at least one of the occupants affected by these mutual societies.

I was somewhat perturbed at the remarks made by the member for Victoria Park on the subject of life assurance. I think he rather reflected on the work and integrity of some of the agents. I have occasion to meet a lot of those gentlemen and I must say that, in the main, they have always been most helpful. These men are well trained and well informed. Nobody could doubt that they are aggressive in their work, but that is their job, and if they are working for a reputable company, there need be no fear of the policy they are selling.

My experience of them has been a pleasant one and I have benefited from the knowledge these people have of their work. Admittedly, they are aggressive in their methods, and this brings me to another point, namely, whether the State office could build up an organisation to act in the same aggressive selling manner as those agents do.

The Minister for Labour: Why not give them a chance?

Mr. COURT: If it were necessary, I would be agreeable to doing so, but I cannot see that it is at all necessary. Another point is that if the life assurance section of the State office is to be conducted on the mutual principle, I cannot see how the Government can expect to derive much advantage or revenue from the activities of the office because of the very principle on which mutual life assurance operates.

Another disability will confront the State office unless the Minister, in his reply, can explain how he proposes to meet it. That is the question of interstate and inter-dominion transfer of policies. The large assurance companies have wide ramifications not only in the States but also extending to the dominions, and it is very easy for a policy-holder removing from one place to another to continue the policy wherever he might go. I have not been able to find in the measure any provision for a policy-holder, going, say, to New Zealand, South Africa, Queensland or any other State, to transfer his policy.

This is an important consideration for a man investing in life assurance and wishing to trade with the State. He might hold particular views along those lines. If he took out life assurance with the State office and then left for another part of the world, what provision would be made for a transfer of the policy? The Minister might be able to enlighten us on that point.

A further problem to be considered is that, in effect, the State Insurance Office will be a State trading concern and the question arises as to the investing of funds. One of the cardinal principles of life office investments is that the society is able to go to considerable limits to disperse its investments, both as to the type of industry and the geographical location, and so we find that these societies have city, suburban and rural interests. Further, they break up their investments into primary, secondary, and other types of activity, and spread their favours—if I may use the term—between Government and semi-governmental bodies.

The advantage of this wide spread of investments is that life assurance offices acquire a very great interest in a broad cross-section of the community. They become desirably involved in the overall economy of the State, and this makes for balanced development. The magnitude of the funds that these companies have available for investment makes their influence in our economy a very substantial one. My fear is that if the State Insurance Office sets itself up in the life assurance business, it will follow a natural desire or inclination to invest in the activities of the Government of the day. I feel that there would be an over-concentration of its funds. I am assuming that if the measure became law and we had a life

office with a sizable business, its contributions to the loan funds and other activities would be considerable.

The great danger to my mind lies in the fact that there could be at a given time some political direction of the funds. I cannot imagine a State life insurance office engaging in such schemes as that which the A.M.P. has undertaken in the 90-mile desert. This enterprise is a real and worth-while contribution to the development of Australia. The A.M.P. Society has stepped right out of the normal investments that we would expect it to engage in, and has taken, with the best brains it can marshal, what could be classed as a calculated risk to make a real contribution to the development of Australia. It can be said that the funds of the private life offices are beyond political control, except in so far as the overall Government financial policy dictates. Naturally they are subject to the laws of the land, but beyond that they are free to pursue whatever policy of investment they like.

I wish to touch on one or two matters raised by the member for Leederville. He stressed the question of monopoly in insurance. I feel that he has confused co-operation between the companies with monopoly. I cannot imagine any insurance structure succeeding and being safe and of value to the community if there was not the utmost co-operation between all types of underwriters. It is from this co-operation that they get their greatest strength, and it should not be confused with monopoly. If the hon. member says there is a lack of competition, I can only assure him he has not been fully informed, because I find there is intense competition and, in spite of a reference to an association and his suggestion that there was a holding-up of rates, I know from my own experience in the insurance world that considerable competition exists. The different companies will go to all sorts of limits to give a person an advantage by way of commission, or other concession, to gain his business.

The member for Victoria Park questioned the cost of getting insurance business, and at the same time he complained that the agents' commission had been reduced. I thought that was a little inconsistent. While their percentage of commission might have been reduced, I think the hon. member will agree that the actual money incomes they have received over recent years have, if anything, sustained a sharp rise. If the companies did reduce the percentage, they were only acting in accordance with the trend, and with due regard for the overall cash income of the persons concerned. The hon. member also referred to a particular case where payment of a claim was avoided because of an unrenewed driver's license, and he said he hoped the State office would not adopt such an attitude. I sincerely

trust that if the State Insurance Office does enter into this field, it will not be a party to people breaking the law. If there was a refusal to pay because a man had not conformed to the law, I suggest that is consistent with a proper upholding of the law.

I have found the companies fairly tolerant in this regard, and I would like to know more of the particular incident before I accepted the bald statement that payment of a claim had been avoided because of a driver's license being a few days overdue. He also made reference to the number of companies here. It is necessary for a number of companies to operate in this State in order to provide competition, and also to spread the risk, which is more important, to my mind, in the interests of the public than is competition.

Furthermore, I would point out that while there may be 60 or 80 companies represented here, they are all part of a world organisation. The same number of companies in London or even Sydney would not be regarded as being so tremendous. Members will appreciate that if one of these companies sets itself up in this rather technical and difficult field of insurance—fire, accident and marine—it is necessary that it should have connections throughout the world to achieve a safety factor by spreading the risk. Therefore the companies will be represented in the smaller capital cities, just as they are in the larger ones. It is part of the ambition of the major companies to spread their tentacles throughout the world, not from a spirit of greed but to make sure that their risks are well spread and that they have sufficient diversity of interests to be secured.

It was only the year before last when claims arising out of a disaster in South Africa were met because the company concerned had its connections in Australia, Canada and Great Britain. Between all of its branches and other connections it was able to cope with this considerable disaster without the public even hearing about it. In conclusion, I would say there is adequate competition, service, facilities and security, both with regard to the general insurance companies and the mutual life offices to safeguard the insured parties. For the reasons I have stated, I oppose the second reading of the Bill.

MR. HEARMAN (Blackwood) [5.19]: The Bill touches on a principle which most members on this side of the House have clear ideas about, and that is the one mentioned by the member for Nedlands at the commencement of his speech, namely, that it is the function of a Government to govern and not to trade. I believe there are plenty of problems confronting this or any other Government in Western Australia for many years to come and that they are such as to exercise to

the full the faculties and finances of government in a young State such as this. It is all very well to say that we might make a profit out of this new venture and that it will cost nothing to start, but, of course, it will cost a considerable amount. It will mean extending the Civil Service, for one thing, and the expenditure involved could mean a lot if applied to necessities such as water supplies, hospitals, schools and so on.

Before the House approves a measure of this nature, it should be demonstrated that there is need for the extension of the operations of the State Insurance Office and that the insurance facilities available here at present are inadequate. We should be told clearly to what expense the State is to be put in establishing the new service. The argument that if we do not have a State life assurance office, we will have a Commonwealth office of that nature is weak. The Minister may say that the State life office would be the choice of the lesser of two evils, in this regard, but I do not think we should inflict either of them on the community.

It has been suggested that there is a ring or cartel of insurance companies and that that is wrong. It is true that there is a Fire Underwriters' Association but not all the companies are members of it. I required a certain form of insurance to which I knew the Fire Underwriters' Association was not favourably disposed and they would not accept it, but Lloyds, which concern is outside the ring, was quite willing to give me the necessary cover.

The principle that for business reasons certain codes should be observed, is by no means peculiar to the insurance field. The same thing occurs in the trade union movement where the unions determine what their members shall and shall not do with regard, for instance, to accepting incentive payments, and so forth. When it is a question of protecting the interests of the worker members on the Government side of the House think such an arrangement is good and proper, but if a section of the community not represented on that side of the Chamber comes to a similar arrangement, it is said to be most improper.

Members on the Government side cannot have it both ways. If such an arrangement is good enough for one section of the community, it is good enough for the other. If members opposite do not like the arrangement in question, they should take steps to do something about the trade union movement. I maintain that genuine competition exists between the insurance companies operating in this State. Instances have been quoted of certain practices, resorted to by some travellers, which are considered to be sharp practices. I do not say that one will not find some black sheep in any flock, but there are many instances in which in-

insurance companies have acted generously towards their clients. I personally had a claim when my insurance had run out, but in view of the fact that I had insured with that particular company for years they said, "Pay your premium and we will settle your claim."

Mr. Brady: That was a sprat to catch a mackerel.

Mr. HEARMAN: I know of a man in the Boyup Brook area who was going in to insure his sheep but a fire broke out while he was on the way and destroyed portion of his flock, and subsequently the company paid up. Although he had not actually insured the sheep at the time they were destroyed, it was known to the company through their agents that he was intending to do so, and consequently they paid up. It is not completely fair to represent the insurance companies as grasping ogres with no consideration for their clients.

There may be occasions when the companies appear hard but there are also instances of haystacks being burnt deliberately and other actions of that nature. The insurance companies have not been nearly as hard as some people would like to make them appear. With the number of insurance companies and agencies that exist in this State, there is plenty of genuine competition and I think it is a good thing that people are offered a wide choice of policies.

The member for Roe said that the State Insurance Office is efficiently run and I believe that that is so. He also mentioned that State instrumentalities often start off efficiently but for various reasons become less efficient as time goes by. I think members should give some thought to that remark. I am convinced that one of the reasons why a lot of State instrumentalities do not operate as efficiently as they should is that they are subjected to the machinations of members of this House and another place.

As an instance, the State Housing Commission, which should be building houses and allocating them fairly, has found it necessary to appoint a special officer to handle representations by members of Parliament. Is it desirable that that state of affairs should exist? Are members, when they go to the Housing Commission, and request that a certain house be allocated to a particular person, in a better position than is the Housing Commission to determine whether that person's need is greater than that of another? Is it that, or are they using the Housing Commission to further their own political ends? I submit that all our State instrumentalities suffer from that sort of individual political interference. Where a claim is to be made against the railways, the local member may be approached and asked to bring pressure to bear on the department, and that sort of thing is going on all the time.

While that practice has crept into our affairs, I am sure it does not make for efficiency. It is idle to pretend, with this unfair pressure being brought to bear, that State instrumentalities can function as efficiently as organisations not trammelled by the representations of members of Parliament. I think the Minister for Housing will agree that if no member of either House went near the Housing Commission, that body could function much more smoothly.

Mr. Heal: Does not the same thing apply in the case of private companies?

Mr. HEARMAN: To some extent, but in that case those interested cannot bring pressure to bear through a member or a Minister. A private company can consider on its merits any representation that is made. The company does not have to worry about what the Minister controlling the particular organisation will have to say because there is no Minister in charge of it; also, the company does not have to worry about what sort of statements may be made in this Chamber. There is no necessity for members to approach these Government undertakings, but they do, and such approaches must affect detrimentally the efficiency of the organisation concerned.

In this particular case, it could easily happen that, through string-pulling or political pressure put upon the State Insurance Office, it might be asked to provide a policy which would not be good business. My mind goes back to the first year I was in Parliament. At that time, an amendment to the Bush Fires Act was introduced, and during my second reading speech I indicated that in the Committee stage I would move to insert a new clause which would make it compulsory for companies to insure equipment and fire-fighters working under the direction of a fire control officer. Subsequently members accepted that provision and thought it was a good idea. But, between the time I made my second reading speech and the Committee stage, the question arose as to who would accept this insurance, because the Fire Underwriters' Association said that its members would have nothing to do with it.

Several members said to me, "Laddie, you have nothing to worry about. We will see that the State Insurance Office will carry it, if necessary." I think we could have done that—and I think the Minister would agree with that contention, too—but it is all a question of whether it would have been good business to ask the State Insurance Office to accept business at premiums which the normal trading companies would not accept. If it is not good business for the private companies, why should it become good business for the State Insurance Office?

The Minister for Justice: All the risks the State Insurance Office has taken up to date have been quite all right.

Mr. HEARMAN: I hope that is so, but I am pointing out that members on both sides said that if nobody else wanted this class of business, they would see that the State Insurance Office accepted it. That is not a satisfactory state of affairs. At times, offices have sound reasons—and sometimes these reasons are not disclosed—for refusing certain classes of insurance; and they are entitled to do that. But what would be the position of the State Insurance Office if it refused to accept a certain class of business? The local member concerned would race along and see the manager and ask him, "Why have you knocked Bill Smith back?" The point is that if a person is not accepted by an insurance company, it is just too bad; he ought to go uninsured. Would the members who have been interjecting say that in such cases the State Insurance Office ought to accept these bad risks? Of course they would not.

Mr. Jamieson: A case should be judged on its merits.

Mr. HEARMAN: But would a case be judged on its merits in such instances?

Mr. Jamieson: Of course it would.

Mr. HEARMAN: Members pull strings in every Government office in an endeavour to help people. They go to the Housing Commission and ask that certain of their constituents be granted houses; but are those members in a position to judge whether one man's needs are greater than those of a hundred other applicants?

Mr. Heal: They still judge a case on its merits at the Housing Commission.

Mr. HEARMAN: A member should not try to do the work of a Government department; it is not his job to do so. It is the job of the State Housing Commission, or the State Insurance Office as the case may be, to determine cases on their merits without pressure being exerted by members of Parliament. If pressure is exercised, it leads to inefficiency.

The Premier: Is the use of the word "pressure" justified?

Mr. HEARMAN: As the member for Leederville said, it depends upon how one uses the term. Some member asked for a definition of the word "socialism," and I suppose a question could be asked as to what one means by the word "pressure." But pressure has been put on officers in Government departments, as the Premier knows only too well.

The Premier: I think that a member of Parliament is perfectly entitled, and it is his duty to do so, to put up the claims of his electors for housing accommodation.

Mr. HEARMAN: Maybe that is so, but he should not do more than that, and I suggest that at times more than that has been done.

The Premier: I do not know what the hon. member does.

Mr. HEARMAN: I suppose the Premier is suggesting that members simply go along and restate what a man has already put on his application form.

The Premier: What else do they do?

Mr. HEARMAN: I suggest that a member asks that an applicant be given a house. That is why he is approaching the Commission. In the same way, it is possible that pressure could be brought to bear on the State Insurance Office. I do not know whether the Premier is suggesting that strings are never pulled by members of Parliament. If a particular risk is refused by the State office, or any company, strings could be pulled to endeavour to get the State office to take the risk. Certain people are on the black list.

The Premier: What does "pulling strings" mean? Why do you not get down to brass tacks?

Mr. HEARMAN: I think I have made the position clear. I pointed out that the State Housing Commission appointed a special officer to deal with parliamentary inquiries.

Mr. O'Brien: Who appointed him?

Mr. HEARMAN: We did, largely as a result of representations from members of Parliament, and it was not a desirable practice to have members running down to the office and talking to different officers of the Commission about certain applicants.

The Premier: That was a good act of administration.

Mr. HEARMAN: I think it was; it was certainly necessary. If the Housing Commission is functioning efficiently—and I am not saying that it is not—members should not need to go down there at all. I have mentioned that it would be more difficult for the State Insurance Office to refuse undesirable business; it would be more difficult for the State office than it would be for other companies; but there seems to be some opposition from the front bench to that viewpoint.

The other matter that strikes me about this Bill is the agency aspect of it. The idea of appointing other Government officers, such as policemen or civil servants, to act as agents is not in the interests of efficiency. We have had experience in this State of how an agent who is not completely versed in insurance matters can upset the insurance business. At one stage, the Royal Automobile Club acted as agents for Lloyds, and offered car insurance at a premium which was substantially lower than the accepted premiums of other companies. The story was put forward that the premiums were low because there were no agency charges or commission.

As a result, all the bad business went to Lloyds and, because of the number of claims, the position became increasingly

difficult. Lloyds became tougher to deal with because it was getting all this bad business, and the R.A.C. did not determine each case on its merits but merely accepted anything that came along. There is a world of difference between an agent who specialises in insurance and can advise clients, and one who has not that specialised training. A good insurance agent can sift the chaff from the grain, and can ensure that people get the best possible insurance available.

For example, I suggest that of all people, a policeman, particularly if he is stationed in the country, should not be called upon to carry out the added duty of handling State insurance business because already he acts as an agent for the Government Statistician; he is an acting clerk of courts and he has to witness numerous signatures affixed to documents.

The Minister for Labour: Are you sure that under this Bill a policeman will be called upon to act as an agent for the State Insurance Office?

Mr. HEARMAN: Well, civil servants will be, and I suppose members of the Police Force will be included also.

The Minister for Labour: The hon. member should read the clause again.

Mr. HEARMAN: The people handling such insurance business should be engaged only on that particular work. Even in the State Government Insurance Office an officer does not necessarily gain the specialised insurance knowledge that is required to handle all forms of insurance business. Very often an insurance agent or traveller is able to give advice to a client in a manner that could not be given by an officer of the State Insurance Office or by a civil servant who is employed to collect orchard registrations and such-like. I do not think the Bill should receive the support of the House because it is not necessary. There are certain undesirable features associated with a Government department extending its operations into private trading activities. Therefore, I am of the opinion that the House should not pass the second reading of the Bill.

On motion by Mr. O'Brien, debate adjourned.

BILL—COMPANIES ACT AMENDMENT (No. 2).

In Committee.

Resumed from the 29th September. Mr. J. Hegney in the Chair; the Minister for Justice in charge of the Bill.

Clause 3—Section 47 amended:

The CHAIRMAN: Progress was reported on Clause 3, to which Mr. Court had moved an amendment as follows:—

That in line 3 of new Subsection (1a) after the word "measurement" the words "provided however that the Registrar may accept a prospectus

printed in letters of less than eight point face measurement where he is satisfied that the type and size of letters is legible and satisfactory" be added.

The MINISTER FOR JUSTICE: I oppose the amendment. It is not fair that the registrar should be asked to accept the responsibility indicated. It is essential that the print shall be legible and all that is being asked by the clause is that the type should be similar to that used by "The West Australian". It has been found that the size of print used in the past has been too small and as a result the statutory declaration has been difficult to read. There is no reason why that document should not be printed in reasonably sized type. The registrar has suggested this provision and naturally he is in full agreement with it. The statutory information is very important and if persons find the print difficult to read it is likely to be scanned carelessly.

Hon. A. V. R. ABBOTT: What the Minister has said is, in the main, correct. He has stated that this suggestion has been put forward by the registrar and probably, rightly so. However, does not the Minister think that that gentleman should be given some discretion in the matter? That is all the amendment is seeking.

The Minister for Justice: Why give him discretion? Why give him more work? What is the handicap of having the document printed in a type that is able to be read by everyone?

Hon. A. V. R. ABBOTT: Let us say that the document is printed in the Eastern States, which is often done, and it is desired that it should be circulated in Western Australia. In that case the print would have to be altered, but the registrar need only give his consent in special circumstances. I object to non-flexibility. For example, let us assume that someone has made a blunder. Is the document to be reprinted even although the error is not unreasonable?

The Minister for Justice: The Stock Exchange conducts its activities throughout Australia and such a document would be circulated in this State in due course.

Hon. A. V. R. ABBOTT: That is so, but we know that occasionally and inadvertently the law is not carried out to the letter. There may be only one or two paragraphs in small print. Even "The West Australian" publishes some articles in small print in special circumstances. If the clause is passed in its present form it will mean that every word will be printed in eight point face type. I would ask the Minister to give some consideration to that phase. He would not yield very much. Some of the marginal notes in the Bill are in small type and they are quite legible.

The Minister for Justice: They may have been put in with some ulterior motive.

Hon. A. V. R. ABBOTT: Maybe so, but they are quite legible and the registrar will be able to pick it up if there is any ulterior motive.

Mr. COURT: I am disappointed the Minister did not hear the discussion the other evening because I do not wish to reiterate what I said. He may have read the "Hansard" report, however. I am not advocating this amendment because of expense or inconvenience to the companies but on the reality of the actual process of flotation. In the last 48 or 72 hours these companies are subjected to intense pressure.

It is not unusual at that stage for the registrar through one of his officers, or for the Stock Exchange, to make some sudden change necessitating a rush to the printer to get a quick proof and the final printing of the document. It is possible the printer would not know of the existence of this section and in all innocence would set it up in type of perhaps less than eight point face. The registrar may be pressing for this provision but the Minister surely has some say in the matter. I have here several documents published by various departments and though the type is quite legible it is not half the size of the type required as the minimum for a prospectus. Masses of figures are involved and unless a suitable sized type is used it would not be possible to include them all.

To satisfy myself of the reasonableness of this amendment I have picked out several prospectuses of most reputable firms which under the present clause would not meet the requirements of the Act. All these concerns are oversubscribed and are perfectly all right. Some parts of the prospectuses are printed in bold letters and others in small type, to fit in with the relative significance of their place in the prospectus. These are model prospectuses I have here from the point of view of the legal requirements of the Companies Act, but in certain parts they fall short of eight point face type.

I request the Minister to give this matter further consideration because a great injustice could be done particularly where a flotation is being conducted simultaneously in this State and in another State. It is quite possible there may be a crisis on the eve of a flotation and "The West Australian" may be punished for not using the correct type as required in the Bill.

The MINISTER FOR JUSTICE: This clause is not retrospective. The question of the size of type is a most important part of any company Act. It deals with vital points. Though I do not say it will happen, it is possible that small type may

be used for fraudulent purposes. Why not have something legible? Why submit it to the registrar? He has enough to do.

Hon. A. V. R. Abbott: It would only be submitted in exceptional circumstances. But why are you demanding something the Government will not do itself?

The MINISTER FOR JUSTICE: I am only demanding fair play. It is not too much to ask for print to be used which can be read. Although my eyesight is not bad, I very often have to use my glasses to read some prospectuses.

Hon. A. V. R. Abbott: If you alter the term "eight point" to "legible" I will support you.

The MINISTER FOR JUSTICE: I do not know what would be the definition of "legible."

The Premier: That would be a great harvest for the lawyers.

The MINISTER FOR JUSTICE: In an important document like a prospectus people should have something they can read.

Hon. A. V. R. Abbott: Quite right.

The MINISTER FOR JUSTICE: This is not retrospective and will not jeopardise any company. Stock Exchanges operate throughout Australia and most of the companies are floated under a Stock Exchange, as the member for Mt. Lawley knows. The information will accordingly be spread very rapidly.

Hon. A. V. R. Abbott: Are you going to exempt foreign companies?

The MINISTER FOR JUSTICE: Yes.

Mr. Court: They are in a separate section of the Act and you have not a similar amendment in for them.

The MINISTER FOR JUSTICE: That is so. But it is a start and every possible means of fraud should be prevented. Small print may be responsible for placing the registrar in an invidious position. Something may escape him and he would agree while inwardly he might object to it. This is the same sized print as is used in the news items in "The West Australian" and the proprietors of that journal would not waste paper. I think it is a fair request.

Progress reported.

House adjourned at 6.1 p.m.