

if the estimate were correct, the increasing accumulation of funds would more than meet those claims and allow for a more adequate scale of compensation under the Mine Workers' Relief Act. I have endeavoured to show that the taxpayers of this State have not been penalised to the extent of £419,000 for payments under the Miners' Phthisis Act. On the contrary, the accumulated profits for the 8 years operations of the Workers' Compensation Act, industrial diseases section, amount to £284,315 2s. 2d., less the £70,000 paid to Consolidated Revenue, making a net accumulated profit of £214,315. In addition the Mine Workers' Relief Fund accumulated no less an amount than £20,358 for the year ended the 31st January, 1934. Considering the facts mentioned and also the £80,000 which the tax on the profits of gold mining companies is estimated to produce annually for that purpose, there can be no denying that it would easily be possible to make more liberal compensation to beneficiaries under the Mine Workers' Relief Act. I deeply regret that I am not permitted in this Chamber to introduce an amendment to provide further compensation for the sufferers of the mining industry, which I hope I have convinced members is more than possible from the accumulated and accumulating funds under the Acts covering premiums for industrial diseases. I sincerely hope that the Government will take the necessary steps to make that urgently needed extra provision. I support the second reading.

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

House adjourned at 8.56 p.m.

Legislative Assembly,

Tuesday, 11th December, 1934.

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

BILL—FREMANTLE MUNICIPAL TRAMWAYS AND ELECTRIC LIGHTING ACT AMENDMENT.

Introduced by Mr. Sleeman and read a first time.

BILLS (2)—REPORTS OF COMMITTEE.

1, Inspection of Machinery Act Amendment.

2, Land Act Amendment.

Adopted.

BILL—FACTORIES AND SHOPS ACT AMENDMENT.

Second Reading.

Debate resumed from the 28th November.

MR. DONEY (Williams - Narrogin) [4.35]: Dealing as it does with the factory side of the parent Act, this Bill will have very little rural significance. The measure concerns itself chiefly with the metropolitan area, and with a phase of activity with which I admit I am not very familiar. I hope I know sufficient about it, however, to enable me to determine whether the proposals set up in the Bill are fair or not. In my judgment, they are not fair. To me, the Bill contains principles which I fervently hope this House will not countenance. Three major principles are involved. The first is the public, the consumers; secondly there is the point of view of the handicrafts man, the independent small man; and thirdly

there is the aspect of the manufacturer. The Minister did not concern himself with the interests of the public, nor did he seem to worry about the difficulties of the small independent man, but very sympathetically he dealt with, and only with the complaints and the woes of the manufacturer. I cannot help feeling that the Minister ought to have distributed his favours a little more evenly. It appears that those who stand to lose most, if the Bill is passed, far from receiving the consideration and sympathy of the Minister that they so well deserve, get the axe fairly in the neck if the Minister is permitted to have his own way. I hope he will not have his way. At the commencement of his second reading speech he indicated his general attitude when he said that members would be conversant with the inroads that were made by the backyard factories upon ordinary legitimate employment. The distinction the Minister draws will be noticed. He makes it plain where his sympathies lie. The competition complained of is legally quite proper, and in every sense justifiable. These small men were purposely exempted from the Act that was passed in 1921, when the Labour Government were in office, and led by the late Mr. Scaddan. Quite naturally the small men took such advantages as were afforded them by that exemption. No one can complain of that. Nor do I think it fair to intimate that the big factories spell legitimate employment, and that the little factories inferentially do not. The Minister has no ground for stressing that point of view. The term "cottage industry," too, might probably be a little more acceptable than the term "backyard" factory. I do not suppose the Minister coined the phrase, which, as used by him, is calculated to cast a slur upon an industry which in every sense is honourable and proper.

Mr. Sampson: An engineering firm might start a backyard factory and not be registered.

Mr. DONEY: I agree with the contention of the Minister that those who have had certain trading restrictions imposed upon them by law have every right to expect that the Government will protect them from those competitors who flout that law. That is ordinary fair play. There should, however, always be the proviso that the same conditions apply to both parties. They

certainly do not equally apply in the case under review. The bigger manufacturers have the advantage of being able to produce their goods more cheaply, because they produce them in the mass. They can also buy their materials in big quantities at a relatively low price, whereas the smaller man has to buy little quantities at a proportionately higher price. Consequently the cottage worker must, if he is to compete, off-set the advantages of mass production by working somewhat longer hours, and by more intensive labour. I do not see how otherwise he can make a living. The small man is plainly a struggler and a lone-hander. If he is needlessly harassed, as he probably will be by a measure such as this, he will be squeezed out of his industry, and be put on to relief work, digging drains or some such occupation. Quite likely these men are first-class operatives, and in all probability served apprenticeship at the very jobs from which the Minister now proposes to separate them. No doubt the Minister wants to be fair, and probably from his point of view he is fair, but as I see the Bill, there is no fair play about it. The Minister is sacrificing the family to the factory. The Labour Party of 1920 considered that a certain amount of protection should be afforded to the small man, but the Labour Party of to-day seems willing to wipe him out of business entirely, by forcing him to compete upon a basis which in all probability leaves no room for profit. These small men are on the bottom rung of the ladder. In the ordinary way, they might have been expected to have had the sympathy of the Minister. They started in a small way. They were anxious to rise, and are willing to sacrifice a portion of their leisure in so doing. They represent industry and ambition, but they are to be squeezed out of their industries, so that those who are strongly entrenched behind "big business" may be freed from competition. The Minister admits this because, in the "West Australian" a week ago, he is reported as having made the following statement:—

For some years occupiers of factories, in the furniture industry particularly, had complained of what were known as "backyard" factories, and until very recently there were a number of these places operating in the metropolitan area who found it impossible successfully to compete against this unfair competition. The occupiers of factories engaged in the various

branches of the clothing trade, particularly order tailoring and dressmaking, were also subject to similar unfair competition.

You will have noticed, Mr. Speaker, that throughout his speech the Minister stressed the term "unfair competition." The Minister took a great deal for granted in that regard; there is nothing unfair whatever in competition of the type under discussion. It would appear that those in control of the larger factories have bitterly complained to the Minister of the operation of the small factories. In all probability, those in control of the small factories bitterly complain about the operations of the large factories. I do not know if that is so.

Hon. C. G. Latham: Certainly the small storekeepers complain about the large emporiums.

Mr. DONEY: Yes, and they are in much the same category. The Minister said that the big factories had frequently found it impossible successfully to compete against this unfair competition. I wonder whether it is really a fact that the big factories are not successfully competing against the smaller factories. I rather wish the Minister had produced some evidence to show that the larger factories have laboured under difficulties in the face of such competition. I am doubtful whether that actually is the position. If it really does exist, and that has been the experience of the larger manufacturers of Perth who are confronted by this competition, I should have thought that we, or certainly the public, would have heard something about it ere now. At this juncture I want to make one point quite clear: I intend that my remarks with regard to any extra time necessary to be worked in the small factories shall not be taken to apply to women and children. If the Minister has any intention of relieving the situation with regard to them, he has my support now or at any other time. I shall always be prepared to go as far as he cares at any time, and possibly a little further. It was rather remarkable that right throughout the Minister's speech, he showed absolutely no consideration whatever for the point of view of the workers in the backyard factories and gave no indication of an appreciation of their difficulties at all. The Minister should reflect that those men, in all probability, bought a very small plant and have gone to

all the trouble inseparable from building up a business connection. I take it that they have kept reasonably within the four corners of the Act that is supposed to control their operations. That position has existed from 1920 to the present time. It may be said of them that they are just as reputable citizens as those in control of the larger concerns, for whom the Minister, for some strange reason, has taken up the cudgels.

Mr. Raphael: Many are unnaturalised foreigners.

Mr. DONEY: If the member for Victoria Park (Mr. Raphael) had listened to the Minister's speech he would have heard him say that foreigners, be they naturalised or unnaturalised, are brought under the provisions of the Factories and Shops Act.

The Minister for Employment: That is not so; the Minister did not say that at all. He said that where an Asiatic was employed the Act applied. It does not follow that it applies to foreigners, naturalised or not; you should be aware of that fact.

Mr. DONEY: That is so. I am glad that the Minister has refreshed my memory.

Mr. Raphael: Then you stand corrected!

Mr. DONEY: I do. I would point out to the Minister that throughout his speech in moving the second reading of the Bill, he certainly did show bias in a wrong direction, one that the House hardly expected from him. I think the Minister must have strayed into the wrong camp.

The Minister for Employment: I still have your opposition, so I must be right.

Mr. DONEY: I do not know that that follows, but the Minister and I will not quarrel on the point. I do not think it is just for the Minister or anyone else to use the political weapon against these people. What is more it is quite contrary to the Minister's creed. For many years Capital has always been anathema to the Minister, yet here we find he has entered into a strange alliance with it. The House will understand and agree that the consuming public, which embraces every section, has its last line of defence against the larger factories and would-be monopolists in these same handicraftsmen who, undoubtedly, are fulfilling a useful function in keeping the cost of goods down to a reasonable level, and have provided the people with workmanship of a higher quality than is usually obtained from the factories. Nor can it be denied that these

men, against whom the Minister is proceeding, have broken no law that I know of. They have worked hard and have given value for money expended. They have proved themselves, in my judgment, worthy citizens. Now, because "big business" happens to complain of the activities of these smaller men, it is the Minister's intention to squash the latter. I do not think political power should be used for any such purpose.

Mr. Raphael: How could you do it otherwise?

Mr. DONEY: I do not know that it is necessary to do it at all. If it is, the Minister should seek fairer means than those indicated in the Bill. After all, what defence have these few people of their own accord? Practically none whatever. Unless members of this House come to their rescue, they will be butchered for a certainty. By passing legislation of this description, we should do a grave disservice to some of our most deserving citizens. I hope very fervently indeed that the House will strongly oppose the measure. In this morning's "West Australian" there appeared a letter written, I should judge, by a man who understands backyard factory life from the inside. I shall read portion of it to show the Minister that he has something yet to learn with regard to such factories and what these small men are supposed to enjoy at the expense of the big man. This is the portion of the letter that is most interesting at the moment—

As the complaint of unfair competition, in all my back-yard experience I found it impossible to undercut the large factories. Whereas I bought a small quantity at a high price, the large factory bought in large quantities, thereby receiving a big reduction. Then again, where it took me hours to do a thing, the factory, with its machinery, did it in a few minutes. Then again, the factory, with its name, has a definite connection, whereas the backyard man has to fight for every particle of business.

I would like members of Parliament to specially note a conversation I heard this afternoon. A traveller called on a factory with a view to business. During the conversation the factory manager voiced his discontent with "backyard factories." As the conversation proceeded the traveller pushed his business, but the factory replied, "Well, you see, Mr.— does my work he does it at home, and I get it cheaper." Is this not an instance of the large factory encouraging the backyard man? It seems as though a person must go on the dole because, through unemployment, he has been enterprising enough to start out for himself.

I hope the Minister will take that information to heart, and that members on both sides of the House will do their level best to defeat the Bill, which, to my mind, can do no good if accepted.

MR. SAMPSON (Swan) [4.55]: Judging from statements that have appeared in the Press, from reports that have been circulated, and from statements made by the member for Williams-Narrogin (Mr. Doney), the small backyard factories enjoy an advantage over those that are registered. I have been, and still am, very interested. I have been, and still am, very interested as to whether the carrying on of what have been termed "backyard industries," is, comparatively, of any special advantage to the persons engaged in those operations. The restrictions provided in the Factories and Shops Act under which, in the past, certain backyard factories were not required to be registered, are by no means onerous. I have endeavoured to look at the matter as fairly as possible, but I have not been able to find any justification for the claim that the requirements of the Factories and Shops Act unduly interfere with those concerns. As a matter of fact, I am convinced that in the interests of the public generally, the reverse is the position. If inspections are required under the provisions of the Factories and Shops Act, and they are not essential with regard to the backyard factories, why are they necessary at all? Those inspections are provided for the purpose of ensuring that the public, and those engaged in the industries affected, are adequately protected. I am prepared to admit that there is considerable overlapping with regard to the Factories and Shops Act, the Health Act, and, further, in respect to local health matters. It should be possible to co-ordinate the functions carried out under those several headings, and thus obviate overlapping by the appointment of one officer qualified regarding the inspection of machinery and health matters. Section 14 of the Act provides—

(1) Every inspector who holds a certificate from the Commissioner of Public Health that in his opinion such inspector is competent to exercise the powers conferred by this section shall, in relation to factories, shops, and warehouses, exercise all the powers of an inspector appointed under Section 11 of the Health Act, 1911-19.

(2) If any inspector observes in any factory any breach of the Health Act, 1911-19, or the regulations or by-laws made thereunder, or if any inspector is of the opinion that to secure proper sanitary conditions in any factory, the exercise of certain of its powers by the local health authority is necessary, then he shall notify the local health authority accordingly, and in such notification may specify a reasonable time within which such local authority shall enforce the provisions of the said Act.

Surely it is possible to bring the activities of those officers under the one head and, by ensuring that the officer making the inspection has the qualifications required under the Health Act, to limit the costs and, nevertheless, efficiently carry out the required services. Under Subsection 5 of Section 4 of the Factories and Shops Act, it is provided that "factory" means and includes any building, premises or place in which articles or goods intended for human consumption are manufactured or prepared for sale, but shall not include the kitchen of any shop of the classes mentioned in the fourth schedule. The fourth schedule includes bakers' shops, newsagents' shops, stationers and booksellers, florists, fruit shops, vegetable shops, tobacconists and various other shops. And this has also a definite reference to factories. Under it a "factory" means and includes those businesses. If those businesses do not come under the heading of "factory," then of course there is no supervision. So I say there is justification for bringing under the definition of "factory" certain of those businesses set out in the fourth schedule. The term "factory" does not include any building or premises or place in which any person not being of Chinese or other Asiatic race, is engaged in any trade, operation or process; that is to say, in private premises used as a dwelling or in any adjacent building or structure, and in which no steam or other motive power in excess of one horse power is used, and where the people engaged do not exceed four, and are members of the same family. So, subject to that and conditions respecting the number of workers, if the power used does not exceed one horse power, anyone carrying on an industry is not required to register his factory under the Act. I cannot see the significance of the failure to give consideration to a factory with a one-horse power plant. On Saturday last in Queen's Park I inspected an engineer's workshop. The owner had to put in a motor in excess of one horse power, and because

of that he was required to register, but he was not worse off because of this. I claim that if power is used at all, there should be an obligation to register; because even a quarter-horse power motor can set machinery in motion and so constitute a danger to those operating it, unless precautions are observed. This morning I inspected a small factory, the motor in which is not in excess of one horse power, and so the factory is not registered. But the driving belt was quite unprotected; and no attempt was made to protect anyone who might be moving about in that factory. Precautions are essential for the protection of those engaged in the work. Another place, which I did not visit, I am assured is absolutely littered with clippings of serge and other tailoring materials, and no attempt is made to observe cleanliness. The resultant heap of debris in the corner constitutes a very grave danger from fire. Another place, which I visited some days ago, consisted of a galvanised iron building previously used as a domestic laundry. The height from the earthen floor to the iron ceiling is not more than 8 feet. Yet in that so-called factory there was a man and a boy working under conditions which constituted an affront to public health. It was only possible to get into the place by removing a bag which had been placed against a door and on which several shovelful of sand had been thrown to prevent water from running into the building. But in this factory there was a motor not in excess of one horse power, and consequently under the Act there was no need, since fewer than four were working there, to register the place. In the interests of those working there, that place should be registered. The registration would mean the payment of half a crown a year, but on the other hand would insure inspection by those charged with the preservation of health and the care of the employees in the place. In a letter which appeared in the "West Australian" the other day it was stated that Sir McPherson Robertson, the confectioner, had started business in a very small way. I agree that he did, but from what I have read I am confident that his place was carried on under proper hygienic conditions, not the improper conditions that I saw in those places I visited recently. No one can hope for success unless he establishes his business in

such a way that cleanliness may be maintained and the operations carried on without danger to the employees. It might be thought that if registration of backyard factories were insisted upon, in other words, if the Bill passes, there might be considerable difficulty about the payment of wages. But that is not so, for when an Arbitration Court award exists, and becomes a common rule in the industry, if there be only one employee, either in a backyard factory or elsewhere, that employee must be paid the rates prescribed by the award. That, in brief, is an answer to the statement made that if the small backyard factories were required to be registered, the proprietor of such a factory might be prevented from continuing in business. Actually I believe he will be nearer to success; that success will be more readily possible if he has to observe the conditions required by the Public Health authorities, and the conditions also of the Factories and Shops Act, than if he continues to disregard them. It is impossible to produce satisfactory commodities for human consumption unless cleanliness is maintained.

Mr. Doney: What chance would he have of marketing his products against mass production?

Mr. SAMPSON: The difficulties will not be increased if he has to keep his workshop in a clean state.

Mr. Doney: But I mean the hours he works.

Mr. SAMPSON: A factory proprietor can personally work what hours he likes, but if he employs only one person, he is subject to the conditions of an award, if one exists in the industry. I am sure the hon. member would not suggest that the backyard factories could flout the Arbitration Court's award with greater ease than could a factory of larger dimensions.

Mr. Doney: Yes, for the reason the late Mr. Scaddan gave when he brought down the Bill exempting them.

Mr. SAMPSON: If they must be exempt, let us do it openly. The hon. member said he would not be a party to anything which meant the imposition of a heavy burden of hours on women and children. If the backyard factory is registered, there will be protection for the women and children. Under the Factories and Shops Act there are restrictions whereby a woman or a boy cannot be employed for more than 44 hours

per week or 8½ hours per day, or after one o'clock in the afternoon on any proclaimed holiday, or a woman any time between 6 o'clock in the evening and 8 o'clock in the morning, or a boy between 6 o'clock in the evening and 7.45 a.m. These times are not unreasonable. And there is provision for overtime to be allowed in special circumstances. I hope no backyard factory proprietor would impose longer hours than those mentioned, but at present there is no statutory obligation on him to observe any times whatever. So I do not think there can be much objection to those hours I have recapitulated, and in regard to which the member for Williams-Narrogin supported the Minister when he himself referred to them. If a small workshop becomes registered, it is then necessary to keep a time book and a record of the wages paid. It is also fair to say that under an award that record of times worked and wages paid would be necessary under the Arbitration Act. So there would be no greater obligation, should the registration of a factory be required, than prevails to-day. It is very important that members should thoroughly realise that fact. If a man just setting out to establish a business were to be embarrassed with a lot of burdensome conditions, I would not support registration, but so far as I can see, all that he would have to do would be to pay the annual registration fee of half-a-crown and observe the health and safety conditions for the employees working in the factory.

Mr. Doney: The burden of those restrictions would put him out of business.

Mr. SAMPSON: I do not think the payment of half-a-crown for registration would put anyone out of business, and that is the amount provided where the maximum number of persons employed does not exceed three. Where the number exceeds three and does not exceed seven, the registration fee is 5s. Those fees are reasonable and are uniform.

Mr. Doney: You know that that is not the objection.

Mr. SAMPSON: I cannot find any other reason why small manufacturing premises should not be constituted factories under the Act.

Mr. Doney: What about dealing with massed production?

Mr. SAMPSON: Massed production cannot be dealt with by the small factory. A

small factory might have a one-horse power engine, which might constitute a danger. Such an engine or motor should be subject to frequent inspection. Sometimes the connecting up of such a motor with the electricity supply is done by unskilled people. There is far greater likelihood of such a breach being committed on premises where there is no right to inspect than on premises where the right to inspect exists following on registration under the Factories and Shops Act. That is an important matter which should not be overlooked in considering this Bill. I have mentioned the result of personal investigations made regarding small factories, and I am satisfied that in the interests of all concerned there is justification for the Bill. If this Bill were not passed, it would become the duty of the Minister to take other steps to ensure the safety of factory employees. The fact that motors and machinery are used without essential safeguards, the fact that women and children may work at any time and any hours without records being kept, and the fact that unhygienic conditions prevail in many small factories should command our attention. The conditions in some of the large factories would be equally bad but for the work of the inspectors. A man running a small factory is of the same type as a man running a large factory. He is setting out to establish a business, but, as in the case of the larger factory, supervision is necessary, and in the interests of all concerned registration should be effected. There is another important phase from the standpoint of health, and that is the provision of lavatories for persons working in such places. If there were no registration, whose duty would it be to ensure that privies were provided for both male and female workers? In some of the backyard factories males and females are employed. Only to-day my attention was directed to a private house where what is known as a backyard factory was being conducted, and for the employees in that factory, only one closet was provided.

Mr. Doney: How many employees were there?

Mr. SAMPSON: One girl and two men. That state of affairs constitutes a very serious menace to health. If it is made impossible for employees comfortably to use a lavatory, a serious breakdown in health is likely to result. From that standpoint

alone there is justification for the registration of small factories. I repeat that my sympathies are with those people who are endeavouring to establish themselves in business, but I cannot appreciate the objection that has been raised because the one disability that the small factory proprietor faces is the payment of half-a-crown for registration. Whatever he is called upon to do apart from that, I believe, would have the support of every member, namely, to care for the health and safety of his employees, and maintain clean and proper conditions in the factory. I support the second reading.

HON. C. G. LATHAM (York) [5.22]: I do not intend to support the Bill. I do not know whether the member for Swan really thinks that registration is all that is provided in the Bill. I remind him that registration is a minor part; the registration itself carries a lot of other obligations. I am aware that this Bill represents part of the Government's policy, but it is a most remarkable policy when we get an unholy alliance between employer and employee. What is the object? To make the public pay more. Candidly, that is what it means. I do not know that we have a right to legislate in this way for the few. We should be legislating to enable people who wish to buy an article to get it at a fair and reasonable price, and not to allow employers to say, "If we can get registration and shut out other people from competing, we shall be able to demand more from the public." Such a policy is unwise and unsound. Yet we are legislating for just a few to the detriment of the many. Members would do well to consider the reason for the establishment of backyard manufacturing businesses. The reason is not far to seek. When men and women were thrown out of employment, they had to fend for themselves. Many of them possessed far too great a pride to approach the Government for assistance, and so they set out to engage in their own trade or calling at their own homes. The House should commend the enterprise of people who set out to manufacture a few chairs or a few clothes in order to make a living, rather than seek Government assistance. That is the real reason why small manufactories have been started. I intend to stand by those people. The Minister says

that they compete unfairly with massed production. That is impossible. Every day he has complaints from small shopkeepers of unfair competition by city emporiums, which sell meat and bread and set up pharmacy departments. Probably if the Minister for Health were present, he would tell us he was considering introducing a Bill to prevent emporiums from engaging in pharmacy business to the detriment of the one-man chemist. With legislation of this kind, I do not know where we shall end. I wish to point out to supporters of the Government that this legislation is to keep wages-men as wages men all their lives. It contrasts strangely with the remarks of the Minister for Justice the other night when speaking on the Builders' Registration Bill. He said he did not want to keep men wage slaves all their lives, and I admired him for the sentiment. He said he thought that Bill would have the effect of preventing men from getting out of the rut, compelling them to remain wage slaves. Back-yard factories provide opportunities for men to become employers of labour. Many manufacturers would not be in their present position had they not started in a small way. Our best citizens are people who started in a small way and who, as their business developed, had to employ labour, register under the Factories and Shops Act and comply with Arbitration Court conditions. The member for Swan referred to the requirements of the Health Act, but small factories have to comply with the conditions stipulated in that measure. The House and the public have applauded the Minister for providing employment within the State and for encouraging people to buy locally made goods, but the Minister should realise that this measure will be the means of driving trade out of the State. He should make inquiries at Kalgoorlie and find out how much furniture is purchased from Perth. He would find that nearly the whole of it is purchased from the Eastern States.

Member: And beer.

Hon. C. G. LATHAM: Yes, and other things. Some members argue that wages have very little effect on the cost of goods, but there is no gainsaying that they have an effect. In South Australia the Federal basic wage is £3 3s. 6d. a week and the State basic wage £3 3s. In Perth the Federal basic wage is £3 7s., and the State basic wage £3 11s.

Mr. Withers: You have had that in mind since the elections.

Hon. C. G. LATHAM: I am quoting the correct figures. Doubtless the hon. member holds different views. Most of us, when we require goods, endeavour to get the best article at the cheapest price. During the last three or four years the price of goods has been decreased so that people could afford to buy them. The trouble of the farmers is that they have not sufficient money with which to purchase the things they require. The reason is that manufacturers can arrange with the trade unions and fix a price for their goods. If there is any competition from other countries, the manufacturers go to the Tariff Board and ask them to increase the tariff so that they will not have the disability of outside competition. The goods become so expensive that we cannot afford to buy them. There is less employment in Western Australian industry than there ought to be, and there is a great deal less employment on our farms than there ought to be, because of that fact. Every day in the week something is required on the farm, and it would be bought if the returns from the farm would permit of buying the articles at a reasonable price. The effect of this legislation would be to make goods costly, thus preventing the Minister from accomplishing what he desires to achieve by his systematic campaign of the last 18 months. It is useless to say that these small manufacturers can compete with mass production. Small men cannot buy their materials so advantageously. When articles are turned out by hundreds and thousands naturally they can be produced more cheaply. I want to see the small men obtain an opportunity. We are all aware how the cost of furniture has come down in recent times.

Mr. Cross: Even though made by Asiatics.

Hon. C. G. LATHAM: The hon. member has the Asiatic on his brain. There are very few Asiatics in the State to-day.

Mr. Cross: I know more about that than you do.

Hon. C. G. LATHAM: The Alien Immigration Restriction Act has been in operation so long that the Asiatics still remaining here are old, decrepit men. That is an old gag about Asiatics. Let us give our boys opportunities. Many a father is now

teaching his trade to his son. What chance has that boy outside his own home? The Bill would prevent the boy's father from giving him a chance. The measure represents a decided disadvantage not only to the worker but also to the purchaser. It is a means of enabling employers to get together and fix prices. Thus they can have a smaller turnover with more profit. The member for Swan (Mr. Sampson), I notice, wants elaborate, pretentious buildings. Those buildings will come in time.

Mr. Sampson: I never said so.

Hon. C. G. LATHAM: The hon. member referred to certain houses to which I do not wish to refer, as I know very well that the health inspectors will look after them.

Mr. Sampson: They are not doing so.

Hon. C. G. LATHAM: Then the hon. member can complain to the proper authorities. The Minister for Employment will look after the matter. Perhaps on this occasion there is a sort of—

The Minister for Employment: Collusion?

Hon. C. G. LATHAM: No; but a common outlook. The Minister can see that the Health Act is observed in establishments employing a certain number of people. I am not greatly concerned about that aspect. I am more concerned that small manufacturers should continue to earn a living.

The Minister for Employment: Would this Bill prevent them from doing so?

Hon. C. G. LATHAM: The Minister knows it is not merely a question of registration under the Factories and Shops Act. There is something comes after that. The passing of the Bill would mean that the small men would no longer be able to compete. Hours of labour would be fixed for them, and all sorts of conditions would be imposed preventing them from competing.

Mr. Sleeman: Do not you agree with having the hours fixed?

Hon. C. G. LATHAM: No. The hon. member interjecting had a farm long enough. Were his hours on the farm fixed? No; and so he got off it. The man in the country who produces real wealth, who provides the oil which keeps the State machinery in circulation, has no fixed hours. He has very long hours indeed. What has he obtained at the end of the last three seasons? He has produced great quantities of commodities, but for what return? And

did he work eight hours a day? How long did he work in dirt and filth and surrounded by flies?

Mr. Sleeman: The comparison you put up has no bearing at all.

Hon. C. G. LATHAM: Those men work 16 hours a day. Some day, I suppose, there will be legislation to restrict the hours of labour on farms. Then we shall see how far the State will get with legislation of that kind.

Mr. Wilson: It is time the hours were fixed.

Hon. C. G. LATHAM: I consider the present time most inopportune for such a step.

Mr. Wilson: The hon. member has made a silly suggestion.

Hon. C. G. LATHAM: It is not silly at all. If the farmers had to produce only enough wheat and butter for the requirements of Western Australia, there might be something in the arguments which have been used. However, I ask the member for Collie (Mr. Wilson), who is a reasonable-minded man, how is our oversea interest to be paid? Do our manufactures pay that interest? Of course not. Every year we have to send goods oversea to pay it.

Mr. Wilson: The farmers got the money at one time, and they spent it.

Hon. C. G. LATHAM: I have no objection to sharing my hours of labour on my farm with someone else, but I do not see how that other man is to be paid. The member for Collie knows as well as I do that the money is not there to do it.

Mr. Wilson: When the farmers were getting 8s. a bushel, they paid their men little.

Hon. C. G. LATHAM: We have forgotten the past. We are living to-day, and we are thinking of to-morrow. I wish to draw a comparison between the city worker and the country worker.

Mr. SPEAKER: The hon. member should make a speech, not draw comparisons.

Hon. C. G. LATHAM: Is it possible for us to get out of our difficulties by means of legislation such as this? It will only get us into far greater difficulties. I have no wish to extend hours, but I object to the passage of legislation interfering with the rights of the people.

Mr. Sleeman: Bill Sikes says that too. He says, "Don't interfere with liberty; let us do what we like."

Hon. C. G. LATHAM: We do not want spoon-feeding legislation. Presently there will be no rights left in Western Australia. I oppose the Bill in the interests of the man who to-day is trying to knock out a living without coming to the Government for assistance. I oppose it in the interests of the people who have to buy the goods. I oppose it because it gives opportunity to create associations for the fixing of prices.

Mr. Clothier: Do not you believe in fair competition?

Hon. C. G. LATHAM: Certainly. However, under the Bill there will not be fair competition. One often gets a better article from the small manufacturer. I agree with the Minister for Justice, and therefore I must oppose the Bill. I do not want to see the wages man remain a wages man all his life. I want him to have an opportunity of getting out of the rut, as the Minister for Justice said. This legislation will not assist towards that end. It will have the effect of keeping the wages man a wages man perpetually. I am surprised that the Government should introduce legislation for the benefit of just a few people.

Mr. F. C. L. Smith: There are great hopes of remedying the position as regards men being wages men all their lives!

Hon. C. G. LATHAM: Some men will be wages men all their lives, as some men will be doctors all their lives. I do not say that to their disparagement. The man who cleans the streets is just as important as the doctor who cures patients.

Mr. F. C. L. Smith: They do not receive the same remuneration, though.

Hon. C. G. LATHAM: No. However, I do not know that the doctor has any fixed hours. He works all hours of the day and night. It is absurd to suggest that the hours of people engaged in primary industries can be fixed. In the case of a dairy farmer there would be two shifts milking the same cows. Theoretically the fixing of hours is very nice, but it does not work in practice. The Bill will effect a great deal more than it suggests, and the Minister knows that. He is aware that as soon as the measure is enacted, Arbitration Court awards will apply to people who to-day are struggling to maintain themselves by working at their own homes. Instead of preventing them from doing so, we should encourage them.

MR. MOLONEY (Subiaco) [5.43]: With a certain amount of pleasure I rise to support the Bill. With equal pleasure I rise to combat some of the truisms enunciated by the Leader of the Opposition. Unquestionably the hon. gentleman is running true to his form on this occasion. He has even resuscitated the famous dictum from his policy speech at York, suggesting that the onerous basic wage placed upon the people of Western Australia should be whittled down.

Mr. Sleeman: Why bring that up?

Mr. MOLONEY: The hon. gentleman advocates that in this case. I refer to it merely in order to show that he still pursues the same line of thought. If anything were needed to convince me that the Government are moving on right lines, I am convinced by the speech of the Leader of the Opposition.

Mr. Hawke: But how does the speech of the member for Swan (Mr. Sampson) affect the situation?

Mr. MOLONEY: The member for Swan at times displays a vision that is lacking in many other members. On this occasion he has certainly exhibited vision, inasmuch as he pictures something that represents an advance upon what is operating to-day. The evil that exists to-day, and has existed for a considerable time, is apparent to all who have taken even a casual interest in industrial conditions here. "The Song of the Shirt" represents a far cry from to-day. Many years have passed since that poem was brought to public attention. Nevertheless, to-day things are being practised that are not in the best interests of the community. When the Leader of the Opposition states that this legislation is in the interests of a small section of the people and not in the interests of the community generally, he is stating what is not the truth. Anything that benefits the people generally must be in the interests of the community, and, with reservations, the dictum of John Stuart Mill, which has been quoted, might apply. There is a limit to the restricting of the people's rights, and there has been no party more jealous of the guarding of those rights than the party to which the present Government belong. In this case they are conserving the rights of the community because the measure prescribes certain conditions which are in the public interest. The Bill provides that those who to-day are doing

work unfairly in competition with others who are compelled by legislation to carry out the principles contained in arbitration awards, are being brought on to an even keel with those people, and the sob stuff we have heard about eliminating in the future all wage earners is just so much talk. Whilst there is civilisation, there will always be hewers of wood and drawers of water, as part and parcel of the system. The Bill before us is out to prevent people being exploited, and there is also this, that consequent upon the mechanisation of industry, and the elimination of the craftsmen of the guilds, we must progress with the times and see that men, women and children who are employed receive that remuneration which is commensurate with the work they perform. The backyard factories, where many articles are being turned out under conditions far from hygienic, must be brought under control, and for that reason the measure must commend itself to those who believe in the payment of proper wages and are desirous of seeing healthy working conditions brought about. It is also in the public interest that the consumers be protected. In the big emporiums, where employees are engaged under proper conditions, their products must of necessity be first-class. Of course they are subject to the jurisdiction of factories inspectors, and the extension of this inspection will eliminate that which is going on at the present time, namely, staying behind after the ordinary working hours to continue or complete work that may be on hand. The Bill will enforce the carrying out of awards which are observed by regulated society. The Leader of the Opposition has taken a narrow view of the situation, quite unlike that of the member for Swan whose vision is broader. That vision should be displayed by those people who do not stand for petty things, but who believe in the broader principle of industry generally. We should put an end to those objectionable features where people, by nefarious means, are getting work done and not purveying it to the community at a cheap rate, and at the same time are evading their proper obligations merely because they are not brought within the ambit of the factories legislation. There is nothing to prevent those people still operating, provided they continue to do so under conditions that apply generally to indus-

try. The Leader of the Opposition desires that long hours should be practised.

Hon. C. G. Latham: I never desired anything of the sort. I never said anything about long hours.

Mr. MOLONEY: The Leader of the Opposition desires that there shall be no interference with the number of hours at present worked, that people shall be allowed to work from sunrise to sunset.

Hon. C. G. Latham: So long as they are working for themselves, they should not be interfered with.

Mr. MOLONEY: I still contend that those people do not work for themselves if they are working to manufacture something that constitutes a commodity that is required by the people, a commodity that comes into competition with something similar made under supervision. Those people are a menace to society and John Stuart Mills' dictum applies because something is done that is not in the interests of the community generally. I shall support the second reading of the Bill.

Question put, and a division taken with the following result:—

Ayes	24
Noes	11
Majority for				13

AYES.

Mr. Clothier	Mr. Needham
Mr. Coverley	Mr. Nulsen
Mr. Crose	Mr. Raphael
Mr. Cunningham	Mr. Sampson
Mr. Hawke	Mr. Sleeman
Mr. Hegney	Mr. F. C. L. Smith
Mr. Johnson	Mr. Tonkin
Mr. Kennelly	Mr. Wansbrough
Mr. McCallum	Mr. Willcock
Mr. Marshall	Mr. Wise
Mr. Millington	Mr. Withers
Mr. Moloney	Mr. Wilson

(Teller.)

NOES.

Mr. Brockman	Mr. Patrick
Mr. Ferguson	Mr. Piesse
Mr. Keenan	Mr. Thorn
Mr. McDonald	Mr. Warner
Mr. McLarty	Mr. Doney
Mr. North	

(Teller.)

PAIRS.

AYES.	NOES.
Mr. Collier	Mr. Latham
Mr. Tray	Mr. J. H. Smith
Miss Holman	Mr. J. M. Smith
Mr. Munroe	Mr. Griffiths
Mr. Rodoreda	Mr. Seward

Question thus passed.

Bill read a second time.

In Committee.

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

BILL—FINANCIAL EMERGENCY ACT AMENDMENT.

Returned from the Council with amendments.

BILL—STATE GOVERNMENT INSURANCE OFFICE.

Second Reading.

Debate resumed from the 28th November.

MR. McDONALD (West Perth) [5.58]: I have endeavoured to examine the Bill in the short time which has elapsed since the Minister for Employment moved the second reading, on Wednesday evening last. The first question I considered was the basis on which the Bill should be approached. The object of the Bill is to establish State-ownership of an insurance business; the object might also be to give the State a monopoly in certain lines of insurance, and as regards other lines, enable it to enter into competition with institutions at present carrying on that business. I take it the State has no policy or principle with regard to State trading concerns except what is laid down in the State Trading Concerns Act of 1917. By the Bill before us the State Insurance Office is to become a State trading concern. The effect of the 1917 Act was that the existing trading concerns were ratified or legalised, and the Government were empowered to set up any new trading concern if they had the previous approval of Parliament. I take it that the position as regards trading concerns, is that each proposed trading concern will be judged upon its merits, and will be approved by Parliament only if it is considered by Parliament that there is a strong preponderance of evidence that the concern will be for the benefit of the State. What the House has to examine is whether there is that strong preponderance of evidence which would justify the State in embarking by law upon a new trading concern. So far as the Bill acknowledges, the State Insurance Office has not been carried on by the authority of the law. I want to say a few words about the history of the State Insur-

ance Office. It is necessary to examine that to form an appreciation of the arguments that may be used for or against the Bill. The 1924 Workers' Compensation Act provided that insurance should be compulsory, and that people should insure with approved insurance corporations, that is insurance corporations approved by the Minister. In 1925 the Minister did approve of various companies which were carrying on workers' compensation business in the State. Shortly after the 1924 Act became law in regard to compulsory insurance and approved insurance offices, miners' diseases, in particular miners' phthisis, were brought within the third schedule of the Workers' Compensation Act. Prior to that time miners' phthisis had not been one of the industrial diseases covered by workers' compensation insurance. At that time miners' diseases were brought within the compass of the Workers' Compensation Act. The private companies said they were unable to form an appreciation of the liability involved in underwriting this form of insurance, and were therefore unable to quote premiums. The Government of the day considered they were justified in commencing a State insurance office of their own to insure mining companies and their employees in respect of the liability for compensation for workers who had become stricken with miners' diseases. With the formation of the office the Government also withdrew the approval which had previously been given to the private insurance offices, the result being that there were no approved insurance offices. The establishment of the State office was against the existing law of the country. That is not denied. By Section 4 of the State Trading Concerns Act of 1917 no new trading concern—this was a trading concern—could be established without the consent of Parliament. The Government, however, considered the circumstances were such that they were justified in establishing the office in opposition to the terms of that Act. I do not propose to canvass the pros and cons of their actions. It is past history and not worth while going into. It is important to bear in mind that the reason for the creation of the State Insurance Office was to insure workmen against mining diseases, in particular against miners' phthisis. That was the reason for the creation of the State Insurance Office, and has been the main reason

for its continuance since that time. That factor, for a reason I will mention later, it is very important the House should bear in mind. We now have to consider whether grounds have been shown to justify the introduction of a Bill to establish a State Insurance Office under due recognition of the law. The first thing that strikes one on an inquiry of this kind is, whatever reason there may have been for establishing the office in 1926, that reason has, I think, almost disappeared.

The Minister for Employment: Why so?

Mr. McDONALD: For the reasons I am going to mention. The State Insurance Office was established to protect miners who might become liable to miners' diseases, and has been carried on since then mainly for that reason. This session a Bill has been passed in this House that we have been told will compel mining companies to pay for the wastage of miners as a result of these diseases. The mining companies have given their assent to that legislation.

The Acting Premier: Those are not the diseases to which you are referring.

Mr. McDONALD: To a large extent they cover the same field.

The Acting Premier: Not at all.

Mr. McDONALD: The gold mining profits tax has been brought down to ensure that the mining companies shall carry the burden of the wastage that would otherwise fall upon the State.

The Acting Premier: Not in that connection.

Mr. McDONALD: The effect of the Gold Mining Profits Tax Bill will be to relieve the obligation of the State as regards mining diseases by levying a sum estimated at £80,000, which is considered to be sufficient to reimburse the State for its liability in respect of these diseases. Miners' diseases and workers' compensation are inter-related. Whereas the State Insurance Office was created in the first place to meet the liability for miners' diseases, and has been continued for that reason, we have now, by legislation, called upon the mining companies to contribute towards the diseases with which miners employed in the industry are affected.

Mr. F. C. L. Smith: You are wrong there.

Mr. McDONALD: It seems to me the substratum of the State Insurance Office has

been largely removed, once we accept the principle that the mining companies themselves out of their profits are to bear the cost of caring for miners who contract diseases through being in their employment. I wish to refer to the experience of the State Insurance Office in workers' compensation. The principle upon which the House has to consider the Bill is, does a strong body of evidence in favour of the State entering upon a new State trading concern exist so as to justify the House in giving its approval to its creation? The State Insurance Office has several functions. One is to insure its own domestic liabilities in the way of fire insurance on buildings owned by the State, another is the insurance against workers' compensation for and accident to State employees; insuring various employees who are absorbed in the Government sustenance schemes; and there is its natural function, namely to insure against workers' compensation outside employees in competition with companies, and to insure in particular employees in the mining industry who may suffer from the industrial diseases I have mentioned. It is necessary for us to look as briefly as possible at the experience of the State Insurance Office to determine how far the country can be committed to the new proposed trading concern. According to page 30 of the Auditor General's report, the fire insurance fund which insures Government property, exclusive of certain Government buildings, has a credit balance of £42,000. There is no objection to the Government or anyone else taking on the burden of insuring their own property. No legislative authority is required for that. The only comment I want to make upon that point is that it does, I think, represent a danger in the case of the Government Insurance Office with a credit balance of only £42,000, in that it may sustain large losses which will not only absorb the whole of that money but involve the State in a large liability. The State runs a risk which no private company would contemplate. Private concerns would only carry fire insurance risks by spreading the risks involved over a vast number of assets, and in most cases over many States or countries of the world. That, however, does not matter very much so far as the State fire insurance is concerned.

Sitting suspended from 6.15 to 7.30 p.m.

Mr. McDONALD: I was coming to the second branch of the functions of the Government Insurance Office in connection with its domestic insurance business. That is where the office covers Government workers against accident. In that instance, according to the Auditor General's latest report, the result for the year showed a deficit of £24,712, which, he points out, was caused by the heavy increase in the amount of claims and medical expenses occasioned on behalf of departments that employed sustenance workers. I do not place any emphasis upon those figures or upon the deficit because, after all, the money is merely transferred from one pocket to another, from the standpoint of the State, and moreover those departments have suffered, and are likely to suffer further, regarding claims for workers' compensation on account of men who, in many instances, were not accustomed to the employment they were called upon to undertake. I now pass on to the branch of the Government Insurance Office's business relating to the insurance of outside people. This comes under two headings, one with regard to industrial diseases and the other to general accidents. In the last mentioned section, the Government office is merely in the position of an ordinary insurance company. With regard to that department the Auditor General records a loss on last year's

transactions amounting to £7,751. I understand that the State insurance premiums are less than those charged by the private companies, and in those circumstances it may well be that if ordinary premiums had been charged, the loss would have been converted into a surplus. With regard to the industrial diseases side of the Government Insurance operations, that is the most important part because, as I have already indicated, it was in connection with those diseases, particularly those affecting miners, that the office was first established. The position appears to be—I speak subject to correction—that the State provides compensation in respect of certain miners' diseases under the Miners' Phthisis Act and the Mine Workers' Relief Act, and the money paid in respect of that compensation is taken from Consolidated Revenue, so that the burden is thrown upon the general taxpayers. The amount paid for miners' phthisis compensation during the nine years from 1925 to 1934 is shown in the Auditor

General's report as £419,416, and the Mine Workers' Relief Fund has paid out £52,453. It appears that these two Acts, the Miners' Phthisis Act and the Mine Workers' Relief Act, cover a certain part of the field of miners' diseases. Another part is covered by the Third Schedule of the Workers' Compensation Act. The difficulty is that under the existing legislation these fields overlap. Portion is covered by both the Miners' Phthisis Act and the Mine Workers' Relief Act, and, on the other hand, by the Workers' Compensation Act. I desire to read portion of the Auditor General's report in explanation of what I said when I was queried by the Acting Premier. Under the heading of Miners' Phthisis Compensation, the Auditor General points out that £70,000 had been taken from the funds of the State Insurance Office to recoup Consolidated Revenue for payments made for miners' phthisis compensation. He deals with that matter in these terms—

The reason for meeting portion of the compensation from the funds of the State Insurance Office was that the majority of the persons compensated were suffering from tuberculosis with silicosis, the latter being an industrial disease under the Workers' Compensation Acts for which the State Insurance Office has collected insurance premiums from employers of mine workers. Owing to the more liberal compensation under the Miners' Phthisis Acts as compared with the Workers' Compensation Acts the great majority of persons compensated elected to come under the former Acts in lieu of applying for compensation under the latter—

Mr. Marshall: They could not apply under the Workers' Compensation Acts, so it is no good putting that up.

Mr. McDONALD: I am submitting what the Auditor General has said, and the member for Murchison (Mr. Marshall) can correct the Auditor General on that point if he wishes to do so. At any rate, the Auditor General goes on to say—

—thus relieving the State Insurance Office of paying compensation which otherwise it would have been called upon to meet under its insurance policies relating to industrial diseases.

In regard to the £70,000 which has been taken from the funds of the State Insurance Office towards compensation paid under the Miners' Phthisis Acts, no data has been compiled—evidently it would be difficult to compile it—to show whether the proportion is reasonable or otherwise.

The Auditor General's report shows that between 1926 and 1934 the State Insurance Office collected in premiums for industrial diseases £324,000, and paid out in claims and medical expenses, £109,000. The Auditor General's report shows that that £109,000 includes the £70,000 transferred from Consolidated Revenue during the four years from 1930 to 1934, stated to be the estimated sum due by the State Insurance Office towards meeting the payments to miners and their dependants compensated under the Miners' Phthisis Act. If we take from the total payment of £109,000 made by the State Insurance Office under the Workers' Compensation Act to meet claims for industrial diseases and expenses, the £70,000 taken to reimburse the Miners' Phthisis Fund, we will find that the total net sum paid in respect of workers' compensation from 1926 to 1934 was £39,687. If we turn to the amount paid for miners' phthisis compensation, we find that during the last four years the average annual amount paid under that heading was £66,000. The position appears to me to be that by far the greater part of the liabilities for miners' diseases has been met under the Miners' Phthisis Act out of Consolidated Revenue, and the amount that becomes a charge on the State Insurance Office under the Workers' Compensation Act is a comparatively trivial sum. If £66,000 a year has been the average payment under the Miners' Phthisis Act, which represents the total amount required to meet the liabilities in respect of miners' diseases under that Act, then I come back to the point I made before that the £80,000 per year that it is proposed to levy on the gold mining industry by means of the gold mining profits tax will just about meet the payments required in respect of compensation for miners' diseases. What I am endeavouring to show is that as our legislation now stands, the amount to be levied on the industry, through the gold mining profits tax, will, according to these figures, be just about sufficient to meet all claims on account of disabilities arising from industrial diseases incurred in the mining industry, without any help from the State Insurance Office at all. That is why, subject to my remarks being shown to be made under a misapprehension, I assert that whatever grounds there may have been for the existence of the State Insurance Office in the

past, the newly-passed legislation by which the gold mining profits tax will be able to carry the burden of the industrial diseases of the industry, has made the insurance office less necessary to-day than it was at any previous period, assuming, of course, it was necessary at all. I do not propose to spend much time on the history of our State trading concerns. We have embarked upon a number of such undertakings, and I think in three instances we have gone out of them because our experience has been unfavourable and losses have been incurred. Section 4 of the State Trading Concerns Act sets out that a State trading concern may be authorised by Parliament in cases of business intended to be operated for profit, or intended to enter into competition with private businesses, or to carry on functions that are not ordinarily functions of the State. Now, if a State trading concern is to enter into competition with private enterprise, which is the usual justification for it, it will enter into competition against private business which is charging too much, making too big a profit. Because of that the State comes in to compete, and by charging less it takes away the business of the private companies and brings their profits down to a reasonable figure. That assumes that the profits made by the private companies are so high that the State can safely come in and compete without making a loss. If the business is so profitable that the State competition is justified, the State trading concern, if managed reasonably well, can at all events avoid making a loss.

Hon. W. D. Johnson: But the method of bookkeeping is not fair.

Mr. McDONALD: I will come to that, for the hon. member has touched on a very material point. What I was pointing out is that all our State trading concerns, if soundly launched at all, must have been launched in the expectation that they would either make no loss or make some profit.

Mr. Marshall: That is not so. Take the State steamers and the State railways, intended to develop the country.

Mr. McDONALD: Perhaps I may make a slight modification in deference to my friend. It may be that Government policy in some instances, as the railways, may possibly decide that a loss will be incurred, but that it will be compensated by the building up of the State's assets. But when we

come to, say, the State sawmills, we cannot apply this consideration. Those works must have been originally initiated with the idea that they would make a profit, or at all events avoid a loss in a field where the private companies were charging the public too much. Yet we find by this report, that we now have colossal figures as a result of our State trading operations, and that the State hotels were the only State trading concern which made a profit last year. The sawmills, the shipping service, the brickworks, the Boyup quarry, all made losses.

Hon. W. D. Johnson: But the profits they make in one year are taken into revenue, while the losses made in another year are charged against the trading concerns; so a comparison is hopeless.

Mr. McDONALD: Let me take that aspect. I will be happy to believe that the losses of the present year could be lost sight of in view of the large profits made in other years; but the Auditor General's report shows that since their inception the losses made by the State trading concerns, with the exceptions I have mentioned, amounts to £2,224,000.

Hon. W. D. Johnson: But you have to combine all the State trading concerns to get your figures and compare them.

Mr. McDONALD: Again let me look at these figures: the sawmills since their inception have made a profit of £252,000; the shipping service has lost £735,000; the brickworks have lost £990,000; the Boyup quarries have lost £6,667; whereas the hotels are reputed to have made a profit of £129,000.

Hon. W. D. Johnson: Why say "reputed"?

Mr. McDONALD: Because you say there are many things to be taken into consideration before coming to a determination.

Hon. W. D. Johnson: But the Boyup quarries supply State necessities.

Hon. C. G. Latham: Which are all paid for.

Mr. McDONALD: I do not wish to cast any aspersion on these figures. The Implement and Engineering Works made a loss of £248,000, while the biggest loss was made by the Wyndham Meat Works, totalling £1,234,000. But again there is the difficulty mentioned by the member for Guildford-Midland, the necessity for a close analysis of these figures. The Auditor General points

out that when considering the results of the several trading concerns it has to be remembered that the Treasury has already written off very large sums for past losses; and again he points out that the annual interest relief in respect of these concerns by wiping off the capital amounts, comes to £60,000 per year.

Hon. W. D. Johnson: The writing off means profits.

Mr. McDONALD: No, the writing off means losses.

Hon. W. D. Johnson: The Wyndham Meat Works and the Implement and Engineering Works have been written down, but not the others.

Mr. McDONALD: I am about to come to what the hon. member's remarks point to, namely the difficulty in arriving at a final determination as to how these matters stand, because a close analysis of the figures is required. As I read the Auditor General's report, substantial sums for losses have been written off, and so these trading concerns are saved £60,000 per year interest, which would otherwise have been debited against them. So, taking it by and large, the history of our State trading concerns I do not think can be said to have been particularly successful. The Minister, in a very careful and interesting address, putting up the case for State insurance, drew a comparison with New Zealand, Queensland and Victoria in particular, where they have State insurance offices. This is where I want to apply the remarks of the member for Guildford-Midland as to the difficulty in drawing any reliable inference from figures without reconciling all the various factors involved. When we come to consider, for example, workers' compensation, there are three main factors. One is the liberality of the Act. The scale of compensation under our Act is perhaps the highest in Australia.

The Acting Premier: No.

Mr. McDONALD: Well, it is very nearly so and it is higher than in some of the other States. We have to consider the liberality of the Act, because on that premiums have to be fixed. In the second place there is the extent to which the State is industrialised. In a primary producing community like that of Tasmania, there might be a very small proportion of the population to come under the Workers' Compensation Act, whereas in New South Wales a

very large proportion would come under that Act. The third factor is, of course, the rate of premium charged by the insurance companies. Unless those three factors are analysed, we cannot easily arrive at a determination. The circumstance that the premiums are so much per head in one State and so much per head in another State, really does not carry us very much farther, because it does not allow for the various factors involved in that comparison.

The Minister for Employment: Does the hon. member propose to deal with reserves in this argument?

Mr. McDONALD: I will deal with reserves as briefly as I can. Another factor is this: According to a statement made by Sir James Mitchell in 1926, reported in "Hansard," in Queensland five-sixths of the insurance business is done by private companies as against one-sixth by the State Insurance Office. A large part of the business of any State insurance office must be domestic insurance, insurance on property, furniture and other assets, all of which business comes to it without any expenses at all. It does not involve agents, but comes automatically, and the extent of that insurance determines to a large extent how far the expense rate is large or small.

The Minister for Employment: Last year the Queensland State office made a profit of £123,000.

Mr. McDONALD: Nevertheless, in 1926 only one-sixth of the insurance business of Queensland was transacted by the State office. What I wish to point out is that if the benefit given to the public is so great as it is alleged by the Queensland State office, it is difficult to understand why only one-sixth of the total insurance business was given to the State office.

The Minister for Employment: The hon. member wants to bring his figures farther along than 1926. The Queensland State office has reduced its charges by 26 per cent., and still makes a profit.

Mr. McDONALD: The fact remains that in 1926 the Queensland State office had obtained only one-sixth of the insurance business of that State. If such favourable terms are afforded by the State office, why has not that State office five-sixths of the business? The same thing applies to our State office. Its transactions in this State are comparatively small, and if the terms it

offers are so good, it is difficult to understand why its transactions are not on a very much more extended scale. I do not wish to go into much detail in the way of comparisons, even including those made by the Minister in his desire to give the House the benefit of all the information he could collect, because it is difficult to make reliable comparisons without a very careful analysis of all the factors. In the 1926 debate, figures were given by Sir James Mitchell and by Mr. Davy, which went to show that there was not always a difference in favour of the Queensland office as regarded the rates charged. Mr. Davy quoted, according to Volume 1 of the 1926 "Hansard," 80 different classes of risk under workers' compensation, and in 23 of the number the premium rates were higher in Queensland than in Western Australia. He proceeded to give instances where the rates were higher in Queensland than in Western Australia as applied to industries of importance to us, such as primary industries. I am not going to give the details because they can be found on record. In 1924 a Bill to establish a State insurance office was introduced into the South Australian Parliament and was not passed. I have read the debates that took place on that occasion. A number of comparisons were made of the rates charged in New Zealand, and South Australia, and they tended to show that the rates in New Zealand particularly, where insurance has been a long time established as a State function, did not compare so favourably, if favourably at all, as to appear to the disadvantage of the private companies.

The Minister for Employment: The profit goes back to the people's pockets by rebates, as I mentioned in introducing the Bill.

Mr. McDONALD: That is beside the point. Profits may go back to the people who insure. One of the cases referred to was life insurance, because that is the oldest established department in New Zealand. It has been running for 60 or 70 years. The figures quoted in South Australia went to show that the New Zealand State department could not compete with the A.M.P. Society operating in the same territory. They charged the same premiums, but the advantages given were considerably less than those given by the private company.

The Minister for Employment: The New Zealand office remitted to insurers no less than £263,000.

Mr. McDONALD: If the figures quoted in the South Australian debates represent the position, that would not matter much because, according to the South Australian "Hansard" of 1924, page 866, charging the same premiums, for every £100 of life insurance in the Government department, there had been an increase to £111 by bonus additions, whereas in the A.M.P. Society, every £100 had been increased to £120 10s. It was said that the State offices spent more per annum in expenses than did the A.M.P., but paid only one-third as much in bonuses. I am submitting figures which show one thing, while the Minister has submitted figures to show something else, and in the absence of an exhaustive investigation, we are left in the position of being unsure of the ultimate result.

The Minister for Employment: The hon. member is confining his remarks to life insurance. That is a different thing.

Mr. McDONALD: A large part of the question is that of the efficiency and suitability of the State to embark in the insurance business. A point made in this House is the expense incurred by the private companies, as compared with the State in running the business. I do not think it matters what branch of insurance we take in order to make a comparison. I have taken the life business because it is the oldest branch of business in New Zealand, and because the premiums charged by the State and by the private company are the same. Opinion on the matter is by no means uniform. In the course of the South Australian debates a quotation was made from Mr. F. W. Mansfield, counsel for the American Federation of Labour, who was reported to have said—

In my position I come in touch with labouring men generally. From my acquaintance with the entire subject, I am satisfied with the present system of competitive insurance, and I am very strongly of opinion that anything in the nature of State insurance is opposed to the interests of organised labour and against the better interest of the working class generally.

There was a further quotation of the opinion of Mr. Samuel Gompers, president of the American Federation of Labour, as follows:—

I have believed in voluntary systems of insurance. I do not believe that the Government

of the country should be absolved from performing their customary functions, but I do believe that what the citizen can do on his own initiative should be done by him.

Let me now refer to a few of the provisions of the Bill. Under the measure the Government would be empowered to carry on the insurance which is at present being undertaken by the State Insurance Office, namely, workers' compensation, industrial diseases, and domestic insurance, the insurance of their own buildings. But the Bill proceeds to say that those operations might be extended to any other class of insurance business other than life insurance if authorised by the Governor-in-Council. If the Bill becomes law, provision should be made that any extension of the field of insurance should require the approval of Parliament. The Bill proceeds to state that the State Government Insurance Office shall be deemed an incorporated insurance office approved by the Minister within the meaning of Section 10 of the Workers' Compensation Act. I understood from the remarks of the Minister when introducing the Bill that it is intended that the State Insurance Office shall compete in the field of workers' compensation, and I presume in other fields, with private companies. I think he said the private companies would be allowed to continue their business in competition with the State office. It would be within the power of the Government, under this measure and in conjunction with Section 10 of the Workers' Compensation Act, to establish a State monopoly for the State Insurance Office by withholding from the private companies the status of an approved company within the meaning of the Act.

The Minister for Employment: They would not quote for the business.

Mr. McDONALD: That is a matter which could probably be settled by conference with the companies.

The Minister for Employment: No, conferences were held on one or two occasions and the companies refused. That is why the State Insurance Office was started.

Mr. McDONALD: I still say that I believe the matter could be adjusted.

The Minister for Employment: An effort was made to adjust it before the State Office was established, and the companies threw down the gauntlet and said they would not insure after a given date. The Government were given three days' notice.

Mr. McDONALD: I recollect something of what happened at that time. As I understand the position, the companies were called upon to insure against industrial diseases under policies which covered risks excluding industrial diseases. They could not undertake the additional risk without a premium payment to cover the further liability involved. In the circumstances it is not surprising that they felt it difficult to undertake an extended liability in respect of which they received no premiums.

The Minister for Employment: That is not so.

Mr. McDONALD: That is the position as I understand it.

The Minister for Employment: It was a question of the amount.

Mr. McDONALD: The question of amount was no doubt involved, but the three days' notice to which the Minister referred, according to my recollection, was involved on account of the suggestion that the companies should undertake the additional liability under policies framed to exclude such liability.

The Acting Premier: You say they gave three days' notice.

Mr. McDONALD: I understand they gave three days' notice of termination.

The Acting Premier: They had three months' argument with me here and in Melbourne.

Mr. McDONALD: That being so, the coming event was apparent for three months and three days.

The Acting Premier: For considerably over three months, until they pulled out.

Mr. McDONALD: That makes it better, because everyone must have seen what was coming.

The Acting Premier: They made up their minds that they would not do the business.

Mr. McDONALD: And possibly not without some justification.

The Acting Premier: They defied Parliament; that is what they did.

Mr. McDONALD: They did not defy Parliament; they acted within their powers. The Government defied Parliament by opening the State Insurance Office.

The Acting Premier: We are not the only Government who have done that.

Mr. McDONALD: That does not make the act any better.

Mr. Marshall: And it does not make it any worse.

The Acting Premier: The office will have to be continued no matter what happens.

Mr. McDONALD: I understand there is a serious difficulty in quoting for miners' phthisis risks and that it was experienced even in New Zealand. When we consider the attitude of the people called upon to quote for this class of risk, any reasonable man will appreciate that it involves considerable difficulty. That is acknowledged by the Auditor General when he says that £70,000 has been brought from the State insurance funds to the credit of Consolidated Revenue to meet miners' phthisis payments, because there is an apparent difficulty in determining how much should be debited to the miners' phthisis fund and how much to workers' compensation. It shows that what is involved in miners' phthisis risks is something which the State Insurance Office and Government officials have not been able to determine.

The Acting Premier: The previous Government took over £60,000.

Mr. McDONALD: Last year £70,000 was transferred, and it was estimated more or less by guesswork as being the sum involved by this liability. That shows how difficult it is to compute the amount.

Mr. Marshall: Do you think that position applies to-day?

The Acting Premier: The insurance companies said they were going to lose half a million a year, and this is the result.

Mr. McDONALD: However that may be, this Bill represents a desire to institute a State Insurance Office, which request has been twice refused by the Western Australian Legislature.

Mr. Raphael: Only by a portion of it.

Mr. McDONALD: If I had more information, if I saw an analysis of the position with regard to all the various factors involved, I would be prepared to approach the question with an open mind. Everybody must realise that there is a good deal of competition, and perhaps additional expense through having so much competition in a limited field. But in the absence of any analysis of the figures, my opinion is that the necessity for another State trading concern at the present time has not been proved to the satisfaction of the House. As regards the present office, I have endeavoured to show that the new legislation

has been proposed with the express object of taking care of the disabilities in the mining industry through industrial disease. What appears to have been achieved by existing legislation seems to me quite adequate to all the liabilities on the present figures.

Mr. Marshall: You have no conception of the matter at all.

Mr. McDONALD: I am prepared to rely upon the Auditor General's figures.

The Acting Premier: The Auditor General does not deal with workers' compensation.

Mr. McDONALD: The Auditor General has shown that the burden of the disability of miners' diseases has been borne by the Miners' Phthisis Act.

The Acting Premier: That Act has nothing to do with worker's compensation.

Mr. McDONALD: I know that, but miners' disease is covered by the Miners' Phthisis Act. The two fields overlap. As regards one field, according to the Auditor General, a man may elect to come under the Miners' Phthisis Act instead of under the Workers' Compensation Act.

Mr. Marshall: He cannot.

Mr. McDONALD: But the Auditor General says he does.

Mr. Marshall: I tell you he cannot. If he is T.B., he is T.B.; and that is all about it.

The Acting Premier: Tuberculosis is not an industrial disease.

Mr. McDONALD: But there is such a thing as tuberculosis, and such a thing as silicosis.

Mr. Marshall: Tuberculosis is not covered by the Workers' Compensation Act.

Mr. McDONALD: The Auditor General has claimed that such cases do elect to come under the Miners' Phthisis Act, and I am prepared to accept his authority.

Mr. Raphael: He is in his second childhood.

Mr. McDONALD: Then I will listen to the new Auditor General when he is appointed. The existing legislation, it appears to me from the Auditor General's report, takes care of mining disease by the levy which is being made on the industry for that purpose. So far as the State Insurance Office insures State property against fire, it can carry on that form of insurance without any Bill whatever. Any

person or any company can insure his or its own risk of fire. As for accident insurance, the State needs no legislation at all in order to insure its own employees, including sustenance workers, because under the Workers' Compensation Act any person or company can put up a sound scheme to carry his or its own insurance. It is done in some instances. In that respect the State does not require any special legislation. As to insurance with outside people carried on by the State Insurance Office in competition with private enterprise, that branch can without any difficulty be relinquished to private enterprise, because if it is profitable or sound anybody will take it over.

Mr. Marshall: What a sad picture!

Mr. McDONALD: If it is unsound, then it is no use for the State to carry it on, because it only means additional loss. Possibly the real case for a State Insurance Office may be a good one. Possibly the rates charged by private enterprise are so high that the State is justified in intervening and competing. However, I do say that by having merely a few figures, without an analysis of the factors on which they are based, we cannot arrive at any true conclusion as to what the position is. I do not see at present, without that inquiry and that analysis, sufficient justification for embarking on a new trading concern.

On motion by the Acting Premier, debate adjourned to a later stage of the sitting.

BILL—DAIRY PRODUCTS MARKETING REGULATION.

Second Reading.

THE MINISTER FOR AGRICULTURE (Hon. H. Millington—Mt. Hawthorn) [8.24] in moving the second reading said: First I wish to review briefly the circumstances which have rendered the Bill necessary. The history of the regulation of butter sales under Commonwealth auspices began in January, 1926, with the voluntary Paterson scheme. Prior to 1925 dairy farmers had enjoyed high prices for their products, which, however, about this time began to fall in value on the world's markets. The essence of the Paterson scheme was that as the proportion of butter at that time exported was about one-third of the total pro-

duction, a levy of one penny per lb. on the total amount produced would provide a bonus of 2d. per lb. on the quantity exported. The scheme therefore increased the price of all locally sold butter by 3d. per lb. for the sake of benefiting the producer to the extent of 2d. per lb. The weakness of the scheme was that it would still allow that bonus even if the price of butter-fat rose as it did in 1927 and 1929, by approximately 1d. per lb., and also that it would increase the attractiveness of the dairying industry, in comparison with other agricultural industries selling their products on the world's market, production being increased beyond the quantity that would have been normally produced. The Commonwealth production of butter for 1926-27 was 252,500,000 lbs. For 1929-30 the figure was 299,081,000 lbs., and for 1932-33 it reached 420,000,000 lbs. Thus the increase in a period of about seven years was approximately 70 per cent. Half of the increased production, if not the whole of it, was due to the impetus given by the Paterson scheme. Let me also say that there has been an increase in the production per cow during that period in certain States. It is interesting to note that in 1926-27 the average annual production per cow in Australia was 319 gallons of milk. In Western Australia at that time it was only 244 gallons. We were well down. In 1929-30 we had improved slightly. Whereas the average production for Australia was 352 gallons, that for Western Australia was 316 gallons. In 1932-33 we improved slightly further; the average for Australia was 392 gallons, and for Western Australia 342 gallons. It is notable that Queensland's average, which in 1926-7 was 319 gallons, had only improved by three gallons during the same period. Thus the State which had the largest increase in butter production improved but very slightly in the average annual production per cow as compared with Western Australia. When the Paterson scheme was first introduced, our then Minister for Agriculture, Mr. Troy, refused to permit local factories to join up with Eastern States factories in that scheme, which would have enforced a contribution to the Paterson fund by our butter producers. In spite of the request of the manufacturers, permission to join in the scheme was refused in 1925. At that time Western Australia was importing approximately 6,000,-

000 lbs. out of a total consumption of 10,000,000 lbs. It was considered at the time sufficient that Western Australian consumers would contribute to Eastern States producers approximately £78,000 per annum, due to the increased price they had to pay for butter under the Paterson scheme, without our producers contributing a further sum of approximately £16,000. Many people still insist that Western Australia should join in the Paterson scheme. Had this State done so at that time, our consumers would have paid, up to 1933, no less a sum than £1,150,000 as the result of the higher price involved in the scheme, of which no less than £769,000 would have been paid to the Eastern States. By remaining out, the consumers still had to pay, but our producers have received £638,000 in cash during the time the Paterson plan was in operation. This showed a saving of £254,000 to the West Australian producers. The producers themselves did not contribute to the plan, but Western Australian consumers did, and that is lost sight of by those who appear to consider it their duty to set out the case for the Eastern States. So the advice given at that time as to Western Australia keeping out of the scheme had the effect of saving our producers a quarter of a million. At the same time Western Australia has paid to the Eastern States producers three-quarters of a million or more. Those who have any qualms of conscience and who realise that we did not start the Paterson plan, will not reply that Western Australia has not paid, but that the consumer has paid and will suffer to the extent of a million, whilst our own producers will be advantaged to the extent of £600,000. As production increased in the Commonwealth it was necessary each year to export a higher percentage of the production until in 1932 the quantity exported approached 50 per cent. of the production, and in 1933 exceeded that amount. This meant that the producers had to pay as much into the Paterson fund as they received by way of bounty on export butter, and thus the scheme was in danger of breaking down. It will be seen therefore, that after seven years of increased production under the plan, the dairy-farmers generally were in as parlous a position as they were before the scheme was launched. It took about seven years for the scheme to work itself out. During 1933 New South

Wales, Queensland, Victoria and Tasmania passed legislation to stabilise the market by providing that all butter in excess of a certain quota should be exported. This became necessary, as it was found that as the benefits from the Paterson scheme became less, factories were breaking away and refusing to contribute. Constitutional difficulties prevented the States from stipulating that the surplus must be exported from Australia. At that time, the 31st December, 1933, the Commonwealth Government had passed legislation preventing the transfer of butter from one State to another unless the person transferring it had exported from Australia a prescribed portion of his output. This explains some of the difficulties that were exercising the minds of many people, but it was the act on the part of the Commonwealth that enabled the States to function. The legislation came into effect on the 1st May, 1934, and the price of butter in Australia was fixed at 140s. per cwt., which was approximately double the price of butter in London. It was realised by the Department that it was obviously unsound to export butter from this State during the flush season, and to import a similar quantity during the lean period of the year. A scheme was suggested as far back as March that butter should be stored rather than exported. It was anticipated at that time that the loss on each pound of butter exported would mean approximately 7½d., whilst the cost of the storage would be 1¼d. There would thus be a saving of 6¼d. a pound for every pound of butter which could be stored instead of exported. That was pointed out very clearly as far back as March. This would mean that the net price of butter-fat to the producer, if prices in London did not fall below those ruling at present, could be maintained at a minimum of 1s. per lb., whereas under export conditions butter fat would be approximately 2d. per lb. less. The equalisation plan in this State has been carried out in the past by a voluntary organisation with no control over its members, namely, the Butter Manufacturers and Producers' Association. Whilst butter was being exported this association functioned reasonably successfully. When, however, in order to put the scheme for storage into effect it was found necessary to bind manufacturers to a definite agreement involving (a) the manufacture of choice butter; (b) that each manufacturer should shoulder its

fair share of storage or export; and (c) that an arrangement be made to stabilise prices on the basis of quality. It was found that it was impossible to arrive at any unanimous decision, and export continued. No fault was found with the scheme. They said it was possible to make the necessary percentage of choice butter which would bear storage. The fact remains that several months afterwards, they came to me and informed me that they had been unable to agree, and that there would have to be an agreement between the manufacturers and the merchants. No agreement was arrived at and therefore export continued. Other considerations affecting storage, rather than export, were that as far as the local market could be supplied with choice butter manufactured locally, there should be some arrangement for limiting imports, and further, that farm butter, which, during the flush season amounts approximately to one-third of the consumption, should participate in the costs of the stabilisation scheme whereby the loss on storage or export would be paid from a collection levied on all butter manufactured. At this stage producers, realising that the policy of export would involve a considerably lower price for butter-fat than one shilling, vigorously requested the Government to introduce legislation whereby the sale and distribution of butter should be organised with a view to reducing export, and thus raising the average price received locally. The Bill is designed to do this. It is divided into six parts. Part I. is preliminary and needs no explanation. Part 2 deals with the creation of a Dairy Products Marketing Board of six members appointed by the Governor. This board will administer the Act subject to the consent of the Minister. The board will consist of (a) the chairman, who will be nominated by the Minister, (b) a representative of the consumers nominated by the Minister, (c) a nominee of those engaged in the manufacture of dairy products and licensed under the Act, (d) two nominees of the producers. The producers' representatives are to be nominated by all producers of dairy produce, and not by producers' organisations, as it is believed that the organisations at present in existence do not represent the views of the majority of producers; (e) one member shall be nominated by the dealers licensed under the Act. It is believed

that the last-named will prove of great value to the board, as at present this group of persons claim an important part in distribution. They are responsible for financing the sale of produce. The dealers take the product from the factory, and either sell it locally or export it.

Mr. Stubbs: What will be the position of the small farmer?

THE MINISTER FOR AGRICULTURE: He will score if he is supplying only small quantities, in that he will pay nothing. The board are to be granted certain powers to deal with the administration side of the business and stabilisation. The control will be exercised through the granting of licenses under Part III. The question is how we are to manage to prevent the importation of butter from the Eastern States. Quite recently three representatives of the manufacturers visited the Eastern States. They were concerned as to the possibility of preventing the importation of butter in large quantities into Western Australia. They have now returned, and made a brief report. I do not know whether they were in a position to represent the industry in Western Australia. Throughout their statements they suggest that they did not represent the producers, and I do not think they had any authority to do so. Were it not for the interest of the producers, this Bill would not be introduced. It has been brought down to protect their interests. I do not know what arrangements these three men made. That has not been disclosed. These men were self-constituted representatives of the industry.

Hon. C. G. Latham: One of them had his photograph taken before he left.

THE MINISTER FOR AGRICULTURE: I have seen their report, made before they left the State. They said they were going to permit 20,000 cases to be imported into Western Australia in May or June. Seeing that we use only 16,000 cases a month, I want to know by what authority they made such an arrangement. I believe they made the agreement before they left that they were willing that this quantity of butter should be imported into this State. We are not prepared to agree to that, and it is something this Bill will endeavour to prevent. A dealer is one who buys and sells wholesale. We are not interfering with the retail part of the butter business, but only in connection with the

production, the wholesale storage, and, if necessary, the export of butter. We are not interfering either with the conduct of the business or the regulation of prices. The board will have no power in respect to those matters. The reason for the inclusion of a licensed dealer on the board is because of the part those dealers play, and have played, in the industry, and because of the fact that we will have to look to the traders or merchants to conduct the business in respect to the actual wholesale part of it in Western Australia as in the past. That will not be interfered with to any great extent. It is through the licensed dealer that we hope to regulate the business and, if possible, prevent or reduce to a minimum the importation of butter from the Eastern States. The licensed dealers will have to conform to the terms of the Act, and the instructions of the board. Although I understand it is not possible actually to prevent the importation of butter, any licensed dealer who attempted to sell it when it came to the State could be prevented from doing so, or be suitably dealt with by the board for infringing its instructions. As is the case in connection with the Dried Fruits Act, it is possible to control trade as between the States. It has been done to a considerable extent. Machinery has been set up in the Eastern States, where the business has been successfully conducted.

Mr. Patrick: Queensland has been doing it in wheat and flour for years.

THE MINISTER FOR AGRICULTURE: Although there are always doubts as to what steps can be taken to control trade between the States, the fact remains that there is some influence behind the dairying industry in Australia, not only in the other States but in Western Australia.

Mr. Marshall: Is not the dairying industry controlled by private enterprise? If so, their efficiency should be sufficient to obviate the necessity for legislation.

THE MINISTER FOR AGRICULTURE: Private enterprise has found it necessary in recent years to co-operate with the authorities.

Mr. Marshall: Why should there be Government interference?

THE MINISTER FOR AGRICULTURE: In this case it can be understood that there is some need for artificial control. It is possible to declare a price of 1s. 3d. in

Western Australia, when in the Old Country the article is worth only 7½d. per lb. There must be some power behind the legislation when that can be done. Part IV. deals with administration and stabilisation, and the funds the board will collect come under this part. The expenses of the board on the administrative side will be limited to the collection of one per cent. of the gross proceeds of the dealer or manufacturer. The board will not collect from the producer but only from the manufacturer and the dealer.

Mr. Marshall: You will have enough boards before the session is out with which to construct a ship.

The MINISTER FOR AGRICULTURE: On the stabilisation side the board are limited to a collection of 33 per cent. of the gross takings. This seems somewhat high, but it is necessary in view of the fluctuation in prices, and the difference between the actual declared price in Australia and the London parity, which is about half the Australian price. Considering that the board would have to take so much responsibility it may be necessary in certain cases to make a levy of 3d. per lb. All money taken under this heading, which goes into the stabilisation funds, will go back in time to the pockets of the manufacturer and, through him, to the producer. Butter has to be stored, on which only 7½d. can be raised, because that is the London price. It is therefore necessary to wait until that butter comes out of cool store, and is sold to the consumers, before its full price can be realised. Although not actually conducting the business, the board acts as a clearing house. It will require funds for stabilisation purposes, although the moneys collected for the stabilisation will not be the property of the board but will merely be administered by it. The administrative costs will not be great, but it will be necessary for the board, which will be conducting a fluctuating business involving the storage of butter for perhaps six months of the year, to have these funds at its disposal.

Hon. P. D. Ferguson: Will the board exercise control over the charges of manufacturers?

The MINISTER FOR AGRICULTURE: Not exactly that. This is one of our difficulties. It will exercise control in respect to the distribution of butter; the control

of manufacture can be exercised under the Dairy Products Act to-day. Under the Bill, the board may appoint inspectors. The proposal is that there shall be a very strict check kept upon cream graders. Considerable dissatisfaction exists in respect to the grading of cream at factories, and with regard to the grade that is paid for and allowed for. The board will have sufficient funds with which to pay an extra officer of the Agricultural Department, who will check the grading of the cream, see that producers get value for their cream, and that the right grade and price are allowed for.

Hon. P. D. Ferguson: If the factories can charge what they like, will that not nullify the activities of the board?

The MINISTER FOR AGRICULTURE: In the past, even when the factories paid over 1s. a pound for butter-fat, the manufacturing costs were at least 4d. I do not know what can be done in that respect. There are both co-operative and private companies. Provided they are under the same supervision in respect to the grading of butter and the class of butter they have to turn out, it is natural to anticipate that the competition which has existed in the past will have the same effect as it had in the past, and that there will be competition so far as the purchase of cream from the producers is concerned which, in turn, will regulate the price. The board will not have the powers usually associated with a pool. It will not operate on the scale under which similar organisations are operating in some of the Eastern States. The board will merely act as a clearing house. It will have power to regulate the industry, and declare the percentage of butter that is to be sold within the State, that which shall be stored, and that which shall, if necessary, be exported. It will have complete control over these matters, and by that means we hope will be able to regulate the trade. Provision is made for the storage of butter. In order that all manufacturers may share equally—this has been a difficulty in the past—in the case of export and storage, it is provided that the Minister shall declare the quota for local sales. Manufacturers or dealers who sell in excess of the quota will pay into the stabilisation fund the extra profit they make from selling on the local market. Three prices will be involved. The butter of first grade sold wholesale in Western Australia

will, if the Australian price continues, be sold under the scheme at 1s. 3d. per lb. It is anticipated that the butter stored will cost the stabilisation fund about 1½d. per lb. The butter that is exported is to be bonused at about 7½d. per lb. One can see the advantage of this. If during the peak period we can store for use in Western Australia sufficient butter to tide us over the lean period, it will mean that the realisation on the stored butter will amount to roughly 6d. per lb. over and above the price realised on the exported butter. Even during the period we are speaking of, over 2,000,000 lbs. of butter have been exported, I mean since we had the conference, and since the whole departmental scheme was put up to the manufacturers.

Hon. P. D. Ferguson: Why was it exported instead of being stored?

The MINISTER FOR AGRICULTURE: The parties concerned could not agree as to the basis of storage. I think they came to me when the stabilisation fund had been exhausted. They found they could not afford to export any more, because they could not pay the price for the cream and get a realisation only of 7½d. on export.

Hon. P. D. Ferguson: It was a pity they did not go to you earlier.

The MINISTER FOR AGRICULTURE: They wanted to know if the Government would guarantee any loss on the stored butter. They also wanted me to make a declaration that they were justified in imposing an additional levy on the butter because of the cost of storage. I informed them that this was their responsibility and that, although the storage could cost a certain amount, that was nothing in comparison with the amount they had lost by exporting the quantity they did. It turns out now that the quantity exported was 2,000,000 lbs. or 38,000 cases. The storage of butter is a matter which the present manufacturers have been unable to arrange for until recently. I believe they now find it possible to store butter, although previously they said they had been unable to do so. I can quite understand that if storage of butter is to be arranged, each factory will have to bear the expense equally. If some factories are unable to manufacture a grade of butter that will bear storing, those which do manufacture that superior grade will have to be compensated. Further, the producers of choice creams will have to be

compensated. It will have to be made worth their while in each case. Instead of factories producing the choice butter for storage being out of pocket, an equalisation scheme will come in. It matters not whether butter is sold locally for immediate consumption, or stored, or exported, the price will be equalised, and the amount received by each factory will be the same.

Hon. P. D. Ferguson: Will the board have power to fix those prices to the producers?

The MINISTER FOR AGRICULTURE: The board do not fix the price. The basic Australian price is 140s. per hundredweight, which means that butter of the right quality and stored will also bring that price. That butter will be sold at the Australian stabilised price after having been stored. I assume that a certain quantity will be exported, and that the stabilisation fund will have to make up the difference on the exported quantity. The factories and the producers, however, will receive an equal or stabilised price for whatever they put in. Nobody will get an advantage over anybody else. The board will have complete control of the grading of stored butter and exported butter. Second-grade butter will have to be distinctly marked as such, and will be sold according to its grade. Certainly under those conditions there will be a more complete control over grading of butter than has been exercised in the past. Another power taken by the board is to fix the maximum rates to be charged for road transport. At present the cost of road transport is borne most inequitably by the various producers. The charge is included when manufacturers meet at the end of the month to declare the price of butter-fat. The farmer who does not share in the road transport may be required to pay not only for his own road transport but also for this extra charge on the industry. We have not been satisfied with the arrangements made by various factories in this respect. I think the charge has had the effect of increasing factory charges generally, because little regard is had for where the butter-fat happens to be produced, and there is keen competition between the factories. In some cases butter-fat is brought from the Margaret River right to Perth, past various factories. Since the charge for transporting butter is included in the price to the producer, the

producer pays for having the butter-fat transported in that way. The board will have the right to fix the transport charge. A request to this effect has been made by the producers, but so far the manufacturers have not acceded to it. As regards the price to the producer under this proposal, I have already stated that the board will not have power to fix the price of butter-fat. However, I think it may be assumed that if butter is sold for immediate consumption or stored, that fact will automatically fix the price, or at all events enable the factory to pay a reasonable price. For instance, if all the butter for immediate consumption were sold at 15d., it would be possible to pay the producer at least 13d. for his butter-fat. The cost of storing butter is estimated at 1½d. per pound. On that basis, if the average price received for the butter was 14d., it might fairly be calculated that the factory would be able to pay, and should pay, at least 12d. per pound for first-grade butter-fat. If the average realisation for immediate consumption, storage, and export were only 13d., the factory should be able to pay 10½d. per pound for butter-fat. In reply to those who still assert that Western Australia should join the Australian scheme, I will show that although the Western Australian producer considers he has been harshly dealt with—a point I am not commenting upon for the time being—this is the true position as between Western Australia and the Eastern States: In May the effective price of butter under the Commonwealth scheme, which means the average price having regard to local and London parities, was 108s. 4d. per hundredweight. The value of butter-fat in the Eastern States, on the same basis as that ruling in Western Australia, was 9.12d. At that time the Western Australian producer of butter-fat was receiving 12¼d. In June the effective price of butter in Australia was 110s. per cwt. and the producers in the Eastern States received for their butter fats 9.34d., while the producers in Western Australia received 12d. And so it goes on until in October last the effective price in Australia was 94s. per cwt., which was the average price received after realisation, and the Eastern States producers received 7.27d. for their butter fats and the Western Australian producers 10¼d. Members will see that, bad as the position of the Western Australian producers may be, it was not as bad as that of the pro-

ducers in the Eastern States. Under the Australian scheme, about 70 per cent. of the butter was exported in October. Those who advised the Western Australian producers to keep apart from the Australian scheme believe that although our producers are not having as good a time as they would like, they at least have the advantage of the Western Australian market, and certainly have a distinct advantage through not being involved in the Australian scheme.

Mr. Patrick: The more we produced for export, the worse off we would be.

The MINISTER FOR AGRICULTURE: Yes. In respect to the legislation operating in the other States, I will give a brief exposition of the position. New South Wales, Victoria, Queensland and Tasmania passed Acts in 1933. In order to stabilise the market, they provided that all butter in excess of a certain quota should be exported. Constitutional difficulties prevented the States from stipulating that the surplus must be exported from Australia. This meant that each State could export to another State and designate the transaction an "export." The State legislation was thus evaded. Commonwealth legislation was passed to prevent the transfer of butter from one State to another unless the individual transferring it had exported from Australia a prescribed portion of his output. Under the State legislation quotas were fixed by the Ministers for Agriculture. There has always been some confusion on the point as to who fixed the prices, but, as I have stated, the State prices were fixed by the Minister for Agriculture in each State. Under the Commonwealth law the Minister for Customs was the authority. It was expected that, as a general principle, Mr. Stewart, the Commonwealth Minister for Commerce, as the Federal authority, would accept the recommendation of the State authorities in the fixation of home consumption and export quotas. Administration of the equalisation scheme, which was subsidiary to the State and Federal legislation and was designed to enable factories with large local sales to export by proxy, was in the hands of the Dairy Produce Equalisation Committee, Limited. Western Australia and South Australia elected to keep without the Commonwealth scheme. All licenses for trading are granted by the various State boards con-

trolled by the Ministers for Agriculture. Under the various States' legislation, and to adjust the various volumes of trade as between States on a common basis, which basis was the quota declared each month, it was necessary to have some central organisation acting as a "clearing house," and this business is being done by the Commonwealth Dairy Products' Stabilisation Committee, Limited. This organisation has nothing to do with the administration of the stabilisation legislation in each State but merely adjusts the various claims received each month, showing exports and Australian sales on the basis of the quota fixed for export that month. That is how they managed in the Eastern States under the Australian equalisation scheme. It is certainly fairly complicated. I am convinced our effort in this State will not be nearly so complicated, so long as the State is left to itself. The crux of the whole business is whether we can successfully store butter. I have inquired from the departmental officer, Mr. Baron-Hay, and he assures me it can, and has been, done. Recently I tasted some butter that had been stored for two months and I could not note any difference between it and fresh butter.

Mr. McLarty: What quantity do you propose to store?

The MINISTER FOR AGRICULTURE: Sufficient to see us over the lean period. At the peak period we manufacture twice as much as we consume. To-day we are manufacturing about 33,000 cases and we consume 16,000 cases a month. During the lean period the production falls to below 6,000 cases. Throughout the year we manufacture about sufficient to meet our requirements. If we can successfully store butter, it will mean we can put away during the peak period supplies that will be used during the lean months, and the producers will get the Australian price for all butter stored.

Mr. Warner: Have we the necessary facilities to enable the butter to be stored?

The MINISTER FOR AGRICULTURE: Yes. I do not think there will be any difficulty with regard to suitable storage. It is the common-sense thing to do. With regard to the 2,000,000 lbs. of butter already exported, since butter can be stored for 1½d. pr lb. and on all butter exported we lose 7½d. per lb., it means that on the quan-

tity exported we have lost 6d. per lb., or £50,000 already. That loss comes out of the pockets of the producers.

Mr. Stubbs: That is very serious.

The MINISTER FOR AGRICULTURE: Of course it is serious, and the point is that the consumers are paying.

Mr. Patrick: And they get no benefit.

The MINISTER FOR AGRICULTURE: No, but they have to pay. If we were to export our butter and consequently had to import supplies from the Eastern States, as we have been doing, the effect is that we pay the Eastern States producers.

Hon. P. D. Ferguson: At the Australian price.

The MINISTER FOR AGRICULTURE: As the result of the equalisation scheme following upon the fixation of an artificial price for butter based on the world parity, it costs the Australian public £7,000,000 per annum, or practically £1 per head for every man, woman and child in the Commonwealth. In order to secure the stabilisation of the industry, the people have to pay a heavy tax, and those residing in Western Australia have to pay £400,000 per year. That is one of the taxes not collected by the Government.

Hon. P. D. Ferguson: But they are paying to assist other industries as well.

The MINISTER FOR AGRICULTURE: That is what the Australian public have to pay to keep the dairying industry alive. If we are to pay that amount, we should know that our producers get the benefit. In the past we have paid £1 per head, and, unfortunately, the producers in the Eastern States, who do not require the assistance so much as our own producers, have been receiving the benefit. In advocating the Bill under consideration, it does not involve on my part justification either of the Paterson scheme or this particular scheme. The system that obtains without our influence or concurrence, has become the policy of Australia. Under the provisions of the Bill, we hope to take advantage of the declared Australian price. As the consumers of this State have to pay, it is possible under this scheme for our own producers to reap the advantage. The Bill, as a machinery measure, is one for consideration in Committee. I believe we have all the necessary powers provided and that we have the backing of the industry in this State. I cannot see how manufacturers can resist this

attempt to organise the industry. They have had from March until now, and instead of taking the advice of the departmental officers and the scheme we put up—which they said was a feasible scheme—so far they have not only sold the butter, but have exported 2,000,000 lbs. Then, presumably as the result of running out of funds, they were compelled to store the butter, and they discovered it was possible to do so. But they did not begin when they should have begun and so have given the producers of this State the advantage of the 2,000,000 lbs. exported. They have had their chance, for they have been controlling matters since the dairy industry started in this State. Yet up to date they have not taken the producers into their confidence, nor have they given them any say as to whether the butter was to be consumed locally or exported. We now propose to give the producer two representatives on the board. There will also be, of course, an independent chairman, a consumers' representative and one representing the factories. The one idea of the board will be to see that justice is meted out to the producer, and that the industry shall be so organised that we shall have the advantage of our own Western Australian prices. I see no difficulty in the way. Certainly the present controllers have shown that they have not any regard for the producers. They charged the same amount for manufacturing butter, whether it was exported or sold locally. That was not their concern, but it meant everything to the producer if the butter could be sold locally. This scheme will give him the right price for the butter. The justification for the measure is that the producer finds it impossible to carry on unless he can get, say, 1s. per lb. for his butter-fat. If a big percentage of the butter is exported it is impossible for the factory to pay that amount, and unless the butter is sold at the Australian price, the producer cannot get the amount he should. The only way to do it is by this form of organisation to ensure that the right price is obtained for the butter. That is the organisation required, and I do not think resolutions of protest are going to do any good; but as long as the producer will stand up to this measure the other interests will have to fall into line and conform to the Western Australian policy. I am not at all enamoured of control legislation, but we are now in

the position that we have no choice, but must conform. We must try to take advantage of the situation and secure for Western Australia the benefits of the existing conditions. I also want to make this clear: I see a great danger in the policy that has been followed in respect of butter since the Paterson plan came into existence. It was resisted by my colleague, Mr. Troy, and in after years I refused to advise Western Australian producers to participate. It had this effect: At the time that plan was introduced butter fat in Australia was 1s. 5½d. per lb. and even after the Paterson plan came into operation it increased by 1d. per lb., and has since been as high as 1s. 9d. per lb. And still the consumers of Australia were taxed 3d. per lb. in order to boost up that price. In seven years the production has increased by 70 per cent. in Australia, and consequently we now find that it costs Australia £7,000,000 to keep it alive on an artificial basis. It seems to me an enormous tax. At that time, I remember the Paterson plan had the effect of increasing land values to an enormous extent. I recall that you, Sir, after a visit to New Zealand, said that some dairy land had been sold at £160 per acre. It must be wonderful dairying country, because New Zealanders can export butter to America, overcome the American tariff and still beat the American price. But on account of the artificial price in Australia, dairy land values soared up to £100 per acre. And so, under artificial conditions, the industry has been built up until now butter cannot be produced at the London parity, and in consequence Australians are called upon to stand a heavy tax. I do not think dairy lands in Western Australia are likely to bring artificial prices for some time to come. All that we are concerned about is enabling those engaged in the industry, who in many instances have been financed by the State, to manage to keep going. Even now this scheme does not offer very bright prospects, but I believe that if the dairy farmers can receive about 1s. a lb. for their butter fat, they will have to devise ways and means of getting a living at that rate. I believe it can be done if they receive 1s. a lb., which is a fair production price, and the industry will then be put on a fair basis. As I said to the manufacturers when they came to me asking that we should guarantee them against any loss on stored

butter, the consumers have paid all they are going to pay to assist the dairying industry; if they say they are prepared to pay £1 per head in order to increase the price of butter on the world's markets, that is sufficient for one industry. Therefore if the Bill be passed we can say we have done our part as citizens of Western Australia to keep this industry alive. I move—

That the Bill be now read a second time.

On motion by Hon. P. D. Ferguson, debate adjourned.

Message.

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

[*The Deputy Speaker took the Chair.*]

BILL—STATE GOVERNMENT INSURANCE OFFICE.

Second Reading.

Debate resumed from an earlier stage of the sitting.

MR. MARSHALL (Murchison) [9.30]: May I offer a brief contribution in support of the Bill to ratify the establishment of the State Government Insurance Office and give it more comprehensive scope as a general insurance office? The only speaker in opposition to the Bill who seemed to have delved deeply into statistics with a view to offering fair criticism was the member for West Perth (Mr. McDonald). His chief argument was based on the contention that quite apart from legalising or liberalising the State institution, the necessity for its existence had long since vanished. That was a remarkable attitude for him to adopt in this allegedly enlightened age. For many years, even old conservative countries have appreciated the need for the State to control workers' compensation business. To that extent most countries have long since gone, and many have realised that all forms of insurance should be a national function or obligation. It is therefore surprising that a young and to all intents well-educated politician like the hon. member should at this stage be advocating such a retrograde step. I do not wish to reflect upon him, but I consider that such advocacy was

unbecoming of him. Comparing what is happening in other countries with what is happening here, it is obvious that the time has long since past when the State should be at least in full competition with private insurance companies if not exercising an entire monopoly of all forms of insurance. The wastage of private enterprise, apparent to everybody, is scandalous in the extreme. In this unfortunate State, with a population of 400,000 souls, we have no fewer than 67 private insurance offices and a State Government office to cope with insurance needs. The private companies have large buildings and employ staffs that include managers, sub-managers, chief clerks, typists and agents with motor cars touring the State in search of business. According to figures before me, 42 per cent. of the premiums were absorbed in administration expenses alone. In other words, nearly one-half of the premiums paid is swallowed up in administration expenses—to buy beautiful motor cars and to pay agents fees for looking for business in competition one with the other. There is no competition in the premium rates. A loyal and mutual understanding exists between the companies as to the rates to be charged.

Mr. McDonald: That is not correct.

Mr. MARSHALL: It is nearer to the truth than was the hon. member's assertion that the reason for the establishment of this State activity had long since vanished. He based his argument on the contention that compensation to T.B. miners was to be met out of the gold mining profits tax recently imposed. That he considered was sufficient justification for closing the State office. Nothing could be further from the truth than the hon. member's statement. T.B. cases have nothing to do with the Third Schedule of the Workers' Compensation Act. Before dealing further with that point let me repeat that some 40 per cent. of the money paid in insurance premiums is absorbed in administration expenses. I want my friends who represent the rural areas to realise that. The farmer has to insure his product and his property, if not his life. If we could lighten that burden for the farmer what a relief it would be!

Mr. Wansbrough: If it were only 10 per cent?

Mr. MARSHALL: If the State had a monopoly of all forms of insurance, the premiums could easily be reduced 40 per

cent. We have 67 insurance institutions with all the attendant paraphernalia to supply the insurance cover needed by 400,000 people. New Zealand has a population of a million people and only 35 insurance offices, including the State institution. This clearly indicates that where the State is in competition with private companies, it governs their income to such an extent that there is no possibility of imposition in the matter of premiums demanded for insurance. That is obvious. If 35 companies can satisfy the country, and do all the insurance business for it, and the population involved runs into millions, why is it necessary for this State with a population of only 400,000 people to suffer the misfortune of having 67 companies conducting the business? In America, in Queensland, and in Victoria, the State Insurance Offices are in full competition with private companies. The rates are low, and the companies operating are fewer in number.

Mr. Patrick: The English rates are the lowest in the world, but the State is not operating there.

Mr. MARSHALL: The State is operating there.

Mr. Patrick: Not in ordinary fire insurance.

Mr. MARSHALL: All countries have not State offices in full competition, only in partial competition with private companies, but in all countries it has been conceded that workers' compensation should be in the hands of the State.

Mr. McDonald: Not in England.

Mr. MARSHALL: It is not in complete control of the State in all countries, but it should be. Governments have conceded the necessity for taking an active part in that class of insurance.

Mr. McDonald: But they have not done so.

Mr. MARSHALL: I say they have, but we will agree to differ.

Mr. Patrick: One Government wanted to take complete control.

Mr. MARSHALL: In America, where there are no Labour politics such as we find in Australia, and where the country is for the most part conservative, something between 15 and 20 States have their own State offices in competition with private companies. Some of them have an absolute monopoly, and private enterprise is not permitted to operate in workers' com-

pensation. We know what has happened in Queensland. There was no end of trouble there to extract from private companies the sums of money to which beneficiaries were entitled under the workers' compensation. We have had the same thing in this State. I have frequently had to take steps to deal with these matters, to interview managers and to threaten to prosecute companies before claims were satisfied, claims for which the companies had been glad to accept premiums. They take the premiums all right, but when the liability occurs they challenge it in every way. An employee was killed on the Fenian gold mine some time ago. The widow was left with four little girls. Immediate the man was killed the company in Perth, which must have been notified of the death by telegram, sent an agent up by train. In those days the amount payable for a fatal accident was £400. The train arrived at about 7.40 a.m. The widow was an early riser and a methodical woman, and was getting her little girls off to school. She had buried her husband only the day before. The agent knocked at the door and asked if she was the widow of a man who had been killed. She said she was. The agent told her it was a bad case, that the husband had been negligent, that she was not entitled to any compensation, but that the company was prepared to be reasonable and would pay her £200. My blood boils when I think of a private company sending an agent hundreds of miles to a woman in the hope of stealing £200 from her. The company did not succeed in that case. The husband had been a member of the union, and the widow referred the agent to the secretary. The agent did not turn up, and the union collected the full amount of £400 for the widow. This company would have stolen £200 worth of bread and butter from those little children in order to add to the company's dividends. Would the member for West Perth hand this sort of business over to callous and indifferent companies of this nature? I would not mind if the companies wrangled over technical points, but when they scare people, frighten them, bargain and barter and bluff, in order to evade their liabilities, to meet which they have collected premiums for years, I have nothing bad enough to say about them. Parliament should have legalised the State Insurance Office long ago. The member for West Perth quite correctly quoted the re-

port of the Auditor General, but unless members understand the position a misconception may arise, as it did in the case of the hon. member. Tuberculosis is not an industrial disease.

Hon. C. G. Latham: Not under the third schedule.

Mr. MARSHALL: It never was.

Hon. C. G. Latham: But it is an industrial disease nevertheless.

Mr. MARSHALL: It is not recognised by law as an industrial disease. It can be contracted in the highways or the pleasure resorts of a clean city. It is not accepted as an industrial disease. There is no occupation the environment of which lends itself so readily to the contraction of tuberculosis as does gold mining. A man may have in his body the germs of tuberculosis, and these may remain dormant all his life, but I suggest that if he worked for 12 months in the gold mining industry under certain conditions he would be actively attacked by the disease. But if he went into a new environment, probably it would never become active. I am not maintaining that the gold mining industry is not responsible in large measure for active tuberculosis. The law, however, does not admit that. The Act of 1922 was a poor old Act. It was to come into operation by proclamation. Members then in this Chamber will recollect that the late Mr. Scaddan introduced the measure. Under that Act, if anyone in the mining industry was found to be suffering from tuberculosis, he was refused the right to remain in the industry. In other words, he had to come out of the mines. The only obligation which that Act placed upon the Government was that of finding the man another job. If I were in the industry and, having gone up for examination, was found to be suffering from tuberculosis, I would not be permitted to follow the occupation any longer, but the Government would have to find me another job. In those days that was not a difficult matter. But, the job once having been found for me, all obligation of the Government ceased. I was refused the right to pursue the avocation I had pursued possibly all my life, and 24 hours after a job had been found for me all obligation of the Government ceased. The Labour Government amended that Act so as to enable all men put out of the industry because of tuberculosis to obtain compensation. Here

is where the member for West Perth (Mr. McDonald) misunderstands the position. About the year 1922 a measure amending the Workers' Compensation Act was passed, and this measure included the famous Third Schedule covering various diseases, particularly diseases of the chest. The schedule, of course, does not confine itself to the state of an employee's chest; it mentions various diseases for which compensation must be paid. Both the laws I refer to came into operation about the same time. Thereupon the insurance companies held a pistol to the Government's head and said, "We do not care what Parliament has done; there will be no insurance." They little thought the Government would quickly establish a State Insurance Office. In fact, the companies fell in. When those two laws came into operation practically simultaneously, only men suffering from active tuberculosis were put out of the industry, and the State had to find compensation for them and for their dependants up to a certain age, with a maximum of the amount of the basic wage ruling in the district in which the man was last employed. The Third Schedule, covering industrial diseases, was left to work in the same way as the First Schedule to the Workers' Compensation Act. That meant that a person must be incapacitated before he became entitled to compensation. If I suffer an injury in the course of my employment, I must absolutely cease work before I can get compensation. A man suffering from fibrosis, or silicosis in the advanced stage, practically had to fall by the way before he could secure compensation under the Third Schedule. Before getting compensation he had to stop work, had to prove that he could not work for another hour. What actually resulted was that because a man could not secure compensation under the Third Schedule until he was totally incapacitated, he had to stay in the mine until his lungs burst or became lacerated. Then he quickly picked up the tuberculosis germ and so came out under the tuberculosis regulation. The medical fraternity alone had the say. The man had to work on. That fact relieved the State Insurance Office to a considerable extent. Eventually the men affected went out on Consolidated Revenue, thus relieving the State Insurance Office. That liability still exists; the Government now have to find compensation for T.B. cases. They have to find compensation for

all put out under the old measure, and for their dependants. Moreover, cases under the Third Schedule have still to be provided for. The old system practically remains without a scintilla of difference, and without any reduction whatever in the amount of liability. One needs a little inside knowledge of these matters in order to analyse them correctly. The unfortunate feature is that the annual examination does not disclose the favourable difference one would expect after years of attempts to clean the mines of tuberculosis. The liability remains heavy. That little State Insurance Office has done wonderful work, and I sincerely trust Parliament will concede to it the privilege which it deserves, by at least allowing its establishment to be legalised. If private enterprise is so wonderfully proficient and efficient, if years of experience have so educated the officers of private enterprise that they represent the last word in efficiency, and if on the other hand Government-controlled institutions are so extravagant and controlled by such inexpert men and women, why should private enterprise fear any Government competition? If I were opposed to State trading, I would welcome with open arms such a proposal as a means of proving that the State cannot control such enterprises.

Mr. McDonald: The taxpayers are opposed to it.

Hon. C. G. Latham: They have to make good the losses.

Mr. MARSHALL: Now we have the same old tale from the Leader of the Opposition!

Hon. C. G. Latham drew attention to the State of the House.

Bells rung and a quorum formed.

Mr. MARSHALL: I do not propose to take up much more time of the House because I am quite satisfied no one can convince those who have no desire to be convinced.

The Minister for Employment: None so blind as those who will not see.

Mr. MARSHALL: That is the position of the Leader of the Opposition in particular.

Hon. C. G. Latham: Good!

Mr. MARSHALL: He suggests that the taxpayers have to pay. I agree that that is so. I will deal with the figures quoted by the member for West Perth (Mr. McDonald) from the annual report of the Auditor General. That officer set out the

financial results of the various trading concerns and referred to the losses incurred by those undertakings as the result of the year's operations. The total loss is given as £117,556. No doubt that is an enormous loss, but actually those figures are misleading, and both the Leader of the Opposition and the member for West Perth are aware of the fact. On a strict system of book-keeping such as private enterprise would adopt, those figures would be revolutionised. The State Trading Concerns Act of 1917 is revolting to all who love fair commercial transactions. I do not know whether the member for West Perth is acquainted with the provisions of that Act, but he used the figures in the Auditor General's report for the purposes of his argument. Of the total loss of £117,556, the State Shipping Service and the Wyndham Meat Works accounted for £109,204. Practically the whole of the loss was attributable to two trading concerns. I ask the member for West Perth whether he would sell either of those activities. No fear, he would not! He would retain them and sell trading concerns such as the brickworks and the sawmills, which are profitable. He would allow private enterprise to have them and permit the State to retain those that do not pay. The Wyndham Meat Works were established to develop the beef industry, not with any intention of showing a profit. The State Shipping Service was inaugurated to counter the impositions and unfair and unjust tactics adopted by the cattle kings against the small growers. The State Shipping Service rendered untold benefits to the people that the private shipping companies never did. The latter appealed again and again to the manager of the State Shipping Service to increase rates and freights so as to enable greater profits to be made. The private shipping companies with black crews, go to free ports and have all the advantages of cheap services that are not available to the State Shipping Service. That should be sufficient to combat that particular line of argument. I have little further to add. I shall not deal further with the State Trading Concerns Act, which was criminal in its effect. I would ask the member for West Perth and the Leader of the Opposition, but particularly the former because he is in business that does not require any heavy

capitalisation apart from the possession of mental faculties: Do they know of anyone associated with private enterprise who could run a business successfully under the conditions laid down in the State Trading Concerns Act, under which every penny of profit made, in accordance with Section 18, must be paid into Consolidated Revenue? The effect of that is that when a ship, for instance, has to be overhauled or repaired, the cost of the work has to be paid from loan funds, which means an increase in the interest bill. Could private enterprise in any part of the world make a trading concern pay under such conditions? Of course, the figures quoted by the member for West Perth are wrong. Any business man, who will be generous to himself and to the State, will admit that he could not run his business under such circumstances, nor can the State do so.

Hon. C. G. Latham: Then the State should not go in for any more such trading concerns.

Mr. MARSHALL: Before the Leader of the Opposition speaks ill of State trading concerns, let him peruse successive reports submitted by the Auditor General and ascertain how much of the taxpayers' money has, on the recommendation of alleged experts, been spent in assisting private enterprise. When I last looked up the figure it was over £500,000, and yet each private enterprise so assisted has proved a dismal failure and the State will not receive one penny of its money back. Before we adversely criticise State control, let members be just and fair, and keep their eyes upon the dismal failures recorded by private enterprise. I support the second reading of the Bill.

[The Speaker resumed the Chair.]

HON. C. G. LATHAM (York) [10.8]: I am sorry the Bill has been introduced so late in the session. It would have been just as well for us to have made some inquiries regarding the insurance business, and this would have afforded us a reasonable opportunity. The history of State insurance was narrated by the Minister who pointed out that it became obligatory upon the Government to introduce legislation. I agree with him on that point. It seemed impossible to arrive at an arrangement with the insurance companies to meet the requirements of

the Miners' Phthisis Act, and something had to be done. Then, of course, as has been pointed out here, it was continued by the previous Government. That was because the department was so involved in insurance business that in fairness to those insured with it it could not be closed down. But I think the Minister will admit that under the previous Government the business was restricted almost entirely to insurance in the mining industry and governmental insurance; I do not think we went out to seek business in competition with the insurance companies.

Mr. Hegney: Mr. Lindsay, when a member of your Government, admitted he was in favour of State insurance.

Hon. C. G. LATHAM: He said quite a lot of things. At that time the policy of the Government was that those injured in industry should be compensated by industry, and that was as little loss as possible, so that the injured workers should get the fullest possible compensation. I think also the Minister at that time informed the House that it was proposed to close down the State Insurance Office and go out of the business altogether. So it is just as well that those now in the House should have the whole of the information, not merely a part of it. What I am worried about, and what worries the taxpayer also, is that when the Government start out on business they always seem to make a loss. That was disclosed by the information the member for West Perth gave us to-night when he pointed out that last year, out of all the State trading concerns, the State hotels were the only concern to make a profit. Members who have spoken have pointed out that we deal with the position unfairly. But I should like to point out that the State trading concerns pay no taxes, nor any rates to local authorities, whereas the private companies or business houses that deal in this class of business contribute to the revenue of the State by dividend duties or income tax, and certainly contribute something to the upkeep of the utilities provided by local authorities. Whenever losses are made by a Government concern, we have to go back to the taxpayer. I agree with many of the statements made by the Minister, as for instance that insurance generally seems to have been adopted by Governments presumably for the purpose of protecting the citizens of their respective

States. What I think we in this State might do is thoroughly to investigate this insurance business in Western Australia. I understand a new company has just started business here, and if my figures are correct, there are now either 65 or 67 insurance companies operating in Western Australia, with a population of only 444,000. The overhead costs of that number of insurance companies must be far greater than the people of the State can afford to carry. There is no competition whatever amongst them, because the underwriters, which of course are those companies, meet and determine what the charges shall be.

The Minister for Employment: An honourable understanding.

Hon. C. G. LATHAM: Yes, it might be described as that. They have no regard to the 67 overhead expenses of those companies. I do not know that the State Insurance Office will relieve that position very much, because when it was trading with the public during the term of the previous Government I do not think its premiums were much lower than those of the companies; for if they were lower, why did not the State office attract more business? We ought to investigate this question of insurance, and if the companies will not come to some arrangement to reduce costs, the Government will be justified in going on with their insurance business, but in a business-like way, removed completely from political control. I should like to have seen an opportunity thoroughly to investigate the position. There is no doubt all these insurance companies constitute a terrific tax on industry. Take workers' compensation down in the timber areas: A little while ago 25 per cent. of the wages paid was absorbed in insurance. That was a charge against that industry, and that, plus other charges, prevented our timber from competing with timber from other parts of the world. And so it is to-day with farmers' insurance, which in Queensland costs only 16s. per cent., whilst the cheapest rate in this State is £2 3s. per cent. Previously it was £3 per cent.

The Minister for Employment: Give the State office an opportunity to get in there.

Hon. C. G. LATHAM: The State office had that opportunity. The State office was doing that business, but went out of it because of the previous Government's action. I do not think the insurance companies did

anything to encourage the then Government to keep out of that class of business. Some industries have made private arrangements with firms for insurance at considerably below the ordinary rate. The rate of £3 per cent. is far too high for ordinary farmers' business. Only the other day I was informed that insurance in England, as compared with Australia, is 1s. 6d. per cent. on brick houses, whereas here it is anything from 4s. I do not know why it should be any greater out here. All these things become a charge against industry, and to-day our industries cannot carry these tremendous charges. The very fact that 67 insurance companies are operating in this State, means an unreasonable tax on industry. So I am sorry we have not been able to make a thorough inquiry into the situation. I am of opinion that the Government ought to keep out of this. The election of members is not for the purpose of their engaging in business in competition with others. We are here to make laws.

The Minister for Employment: And to protect the peoples' interests.

Hon. C. G. LATHAM: Yes, by making laws. We are here to raise revenue for the service of the Government and to see that when we raise it, it is raised fairly. But it is not our duty to enter into competition with private enterprise. At the same time these companies form themselves into close corporations, and there should be something to check that kind of thing. There is nothing to prevent 120 companies operating here, becoming members of the Underwriters' Association and coming along with a statement that it is necessary to raise the premium rates.

Mr. Hegney: Why should we interfere with their liberty?

Hon. C. G. LATHAM: There is no liberty there at all. They are forming themselves into a close preserve to carry on their business, which means they desire to obtain dividends for their shareholders and exploit the public in so doing. Parliament is justified in saying, "There is sufficient business in this State for six insurance companies, and there shall be no close preserve. There shall be competition, but there shall be no underwriters' associations." I believe we would then get a fair deal. Members opposite should not run away with the idea that close preserves apply only to business houses. The closest

preserves I know of are trade unions. We have had an instance to-night in the introduction of legislation—no doubt a close preserve. Trade unions say that their membership list is closed and that no more members will be accepted.

Mr. Wansbrough: They act through the court.

Mr. Sleeman: Mr. Justice Higgins said that was to be done.

Hon. C. G. LATHAM: I will not look towards the member for Fremantle in case he might think I am alluding to the waterside workers. Some of the judges have said that if an industry could not bear fair and reasonable wages, it should go out of existence.

Mr. Sleeman: What about the wheat pool?

Hon. C. G. LATHAM: Our main industries cannot pay reasonable wages, and are they to go out of existence?

Mr. Sleeman: You are trying to smash one pool to make another.

Mr. SPEAKER: Order! I think the hon. member is being led astray.

Hon. C. G. LATHAM: The member for Fremantle has made an awful assertion. Perhaps he is under the impression that to-day is the day for private members' business. In my attitude to the Union Wheat Pool, I am being supported by people who a little while ago asserted that I was wrong.

The Minister for Employment: You need to be careful what you say about unions in view of the resolution passed by your conference.

Hon. C. G. LATHAM: That resolution was passed in the hope of getting a reasonable deal, especially as delegates realised the great hold that the trade unions have on industry.

Mr. Wansbrough: That was the principle.

Mr. Clothier: Union is strength.

Hon. C. G. LATHAM: There is nothing wrong with unionism so long as the unions do not become the severe masters that we have sometimes found them to be.

Mr. Sleeman: Then you believe in the principle?

Hon. C. G. LATHAM: I am not too sure that I do. The best thing in the interests of the State as a whole is to allow everybody to work out his own destiny. The member for Fremantle does not desire any nursing. He does not enjoy the advantages of a close corporation at election time. He has to fight his own battle.

Hon. P. D. Ferguson: If he wins the election ballot, he is elected.

Hon. C. G. LATHAM: Yes, he is very fortunate; he has forgotten what it is like to fight an election.

Mr. SPEAKER: I suppose the hon. member will connect his remarks with the Bill?

Hon. C. G. LATHAM: Yes, we were talking of close preserves amongst insurance companies, and I was reminding the member for Fremantle that he had no close preserve at election time. I regret that the Bill has been brought down so late in the session. I should have liked opportunity thoroughly to investigate the position in this State. I am very reluctant to support any legislation that means further interference by the Government with ordinary business about which they know nothing and which they do not seem competent to carry on. I suppose the Bill will be passed by this House. I do not know whether we shall have it before us again next session, but if it is again submitted, I hope it will be brought down early enough to admit of a thorough investigation.

MR. CROSS (Canning) [10.24]: I listened attentively to the speech of the member for West Perth, and am quite satisfied that while he might possess a good knowledge as a lawyer, he has not studied the subject under review as much as he generally does. Judging by his earlier remarks, he does not understand the position that exists to-day. I do not know whether he is aware of the difference between silicosis and tuberculosis. I do not know whether he is aware that men who receive relief under the Mine Workers' Relief Act are those who have been excluded from the industry because of illness contracted in the industry, namely, tuberculosis and fibrosis. The men excluded from the industry must be maintained or have work found for them at rates not less than the basic wage, and the money must be provided by the Government. Further it is intended that the outlay shall be recouped by the gold mining profits tax. There is another class of men in the gold mining industry to be provided for, namely, those suffering from silicosis—the effect of rock dust, which is not infectious, though it prepares the lungs as a seed bed for tuberculosis. For those men premiums are being paid, and I have been informed by those in the industry that it

is essential for this Bill to be passed in order that those men may be provided for, particularly as the insurance companies refused the business when it was offered to them. Even mine managers feel concerned and say it is essential that this Bill should be passed. For that reason I shall support it. I am pleased that the Bill provides for fire insurance amongst the activities of the State Insurance Office. I believe that the people are anxious for the State to undertake that class of business also. Certain insurance companies operating in this State are guilty of actions that are closely related to sharp practice. Quite a lot of people have wonderful faith in insurance companies until they lodge a claim, and then they find out the pitfalls prepared for the unwary by the insurance companies. Some companies do not tell an intending insurer that if his house, worth £1,000, is totally destroyed by fire and is insured for £500, the insurer is regarded as carrying half the risk and the company half the risk. If damage were done to the extent of £500, the company would say that the insurer had accepted half the risk and therefore was entitled to only £250.

Mr. McDonald: I think that seldom applies now.

Mr. CROSS: Well, it has applied in the past. In other cases when a fire occurs in a building and a claim is made, the company says, "We only accepted certain risks; we accepted no risk for any fire arising from the dropping of a cigarette or from an electric wire." Such cases have arisen in Victoria Park. On one occasion there were 11 fires in succession there, and when the claims were made in 10 instances the companies said they were not prepared to pay anything.

The Minister for Employment: There was only one successful fire.

Mr. CROSS: Yes. One man had a small fire about 20 years ago, and successfully claimed £20. Because he did not reveal the fact that he had a total loss he received no payment whatever. The people of the State feel they would get a better deal from a Government office than from a private company. The Leader of the Opposition said the rates were higher in this State than they were in England. He may not have known that the rates are assessed by the fire insurance companies in this State according to the class of fire protec-

tion afforded. In Perth the average rate charged on a brick property is 4s. per cent., but in York, where there is a Dark Town fire brigade, the rate on wooden premises is £2 per cent. The companies classify the risks into three classes of fire districts and the charges are made accordingly. I hope the Bill will be carried, so that people may, if they desire, insure with the State office. I believe the existence of a State office would mean that even in the country the rates would be cut down. The member for West Perth said he was surprised that, even though cheap rates existed in Queensland, the State department there had only succeeded in getting one-sixth of the business. That is positive proof of the success of the State department, because 50 companies are operating there. If the State department has secured one-sixth of the business, it is making a good job of it.

Mr. Hawke: Most of those companies have been operating ten times as long as the State office.

Mr. CROSS: The private companies in Western Australia refused to do the business associated with miners' complaints, even though the rates were exorbitant. From this class of business the State department has in a few years built up a reserve of £230,000. Even with the limited amount of business it has done, the State has a total reserve of £299,000. It is a class of business that the State should go in for fully. The life insurance business can be left to private companies, but that which involves workers' compensation and fire insurance should be undertaken by the State. I support the second reading of the Bill.

HON. J. CUNNINGHAM (Kalgoorlie) [10.35]: I congratulate the Government on bringing down the Bill, and the Minister upon his very able speech. This is not the first occasion when legislation of this kind has been introduced. I think two Bills were brought down by the Acting Premier when he was a member of a previous Government. It is largely as a result of the speeches he made on those occasions that the public of the State has interested itself in this Bill, and that it will probably prove to be acceptable to both Houses. The State Insurance Department was established without the authority of Parliament. It is not altogether desirable that it should continue to exist without authority. If the Bill is

rejected, it will mean that following Governments will have to continue the office, of which Parliament has expressed its disapproval. That would be a paradoxical position. The people want State insurance. Certain provisions of the Workers' Compensation Act can only be carried out by the State department, which has existed in defiance of the vote of another place on a previous occasion. The member for West Perth said that our State trading concerns were showing a loss. The State Insurance Department has shown a profit, and the figures quoted by the Minister show that it has been a financial success. If the State Sawmills have shown a loss, there are numerous private concerns associated with the industry which have also shown a loss. At one stage the State Brickworks showed a substantial profit and also paid interest, sinking fund and depreciation. The hon. member said that State hotels were showing a profit, whereas numbers of privately-owned hotels have recently shown a loss. Many private enterprises have shown a substantial loss in the last four years, and some of them have gone out of existence. So it will be seen that losses are not alone to be laid at the door of the State trading concerns, but apply generally to businesses of every kind in the State. Accordingly I do not think there is much to be said in favour of the argument of the member for West Perth. All the State trading concerns have been handled successfully during a trying period when money has been scarce and commodity prices very low indeed, especially those of our exportable surplus. The Leader of the Opposition said the premiums charged by the State Insurance Office were not much below those charged by private companies. It must be remembered, however, that the private companies attempted to fall into line with the State Insurance Office after that office had brought about a reduction of at least 33 per cent. in premiums. The private companies lowered their premiums in following the lead given by the State Insurance Office. That is to be said in favour of the State enterprise. And the same, I think, can be said of all the State enterprises operated by the present and previous Governments. It is not only a matter of getting a better article or commodity or service for the people. The State trading concerns supply the article or commodity or service at a more reason-

able price; and that, of course, is the objective. There was a disinclination on the part of the private companies to accept insurances covering the Third Schedule to the Workers' Compensation Act. That circumstance alone forced the hands of the Government in establishing the State Insurance Office. It is generally admitted on both sides of the Chamber that the principle of State insurance, if not wholly acceptable, is at least partly acceptable to people of all shades of political thought. On this subject I have had discussions with men who are not Labourites at all, but who are fully alive to the fact that the interests of the taxpayer and of the individual engaged in industry and production are better served by having a State Insurance Office to cover certain risks—better served in the sense that in this way high premiums are reduced. We need but reflect for a moment on the figures quoted by the Minister in introducing the Bill, to realise that there must have been an enormous rake-off by private enterprise in this connection. The Minister stated that since the establishment of the State Insurance Office a sum of no less than £299,900 had been placed to reserve by that office, which was begun without a penny of capital, financing itself from the start of its existence. It is essential that the Bill should be enacted. In my opinion it is not a party measure at all. If members on the Opposition side realise their position and stand up to the representations they made when facing the electors, they will not condemn this measure but vote for it. I know that some hon. members opposite, when the question was put to them by those whom they now represent, declared themselves as not opposed to State insurance. Several hon. members opposite said that a State Insurance Bill introduced for the purpose of assisting industry would be acceptable to them. I rather sympathise with the member for West Perth, who was burdened with figures at least ten years old. I do not want to say too much on that point, or to harass the hon. member unduly, because I know how difficult it is to obtain reliable figures at short notice. Still, the question warranted a little more investigation and a little more work with a view to obtaining up-to-date figures rather than going back to the year 1924, seeing that we are now in the year 1934. More up-to-date information

would have assisted the Opposition far more effectively. Personally I have received all the assistance I need to make up my mind to vote for the Bill. I hope the measure will pass not only this Chamber, but another place. If so, this Parliament will justify its existence, for the Bill is one of the most important measures submitted, and when placed on the statute-book will confer material benefit on the people of Western Australia.

THE MINISTER FOR EMPLOYMENT

(Hon. J. J. Kenneally—East Perth—in reply) [10.43]: I wish to thank the House for the generally favourable manner in which the Bill has been received. That, I believe, is largely accounted for by the fact that circumstances have caused many people to realise that, after all, the State has to come to the assistance of its people in certain circumstances. I wish to reply to only two or three points. The member for West Perth (Mr. McDonald) said the question was whether the State could conduct insurance better and more cheaply than private enterprise could. When introducing the Bill I took the trouble to give some figures showing what it cost private enterprise in this State. The hon. member said it was not much use to go to other States and quote figures from them, because those figures often would not be comparable with ours. But the hon. member and other members will recollect that the figures I gave related to companies operating in Western Australia, and were gleaned from returns which they had supplied to the Registrar General. I compared those figures with the cost of operating the State Insurance Office. The comparison revealed that last year the administration cost of private companies was 23 per cent., while that of the State was only two per cent., so that even allowing for interest, income tax and so on, it would mean that the cost to the State would be 7 per cent. as against 23 per cent. for the private companies. I do not wish to go into the question of workers' compensation matters being mixed up with mine workers' relief business; the member for Murchison (Mr. Marshall) dealt lucidly with that point. I would remind members that tuberculosis is not a recognised industrial disease, and it would not be correct to calculate what would be chargeable if tuberculosis were included in

connection with workers' compensation. The member for West Perth also said he objected to the provision whereby the Governor-in-Council could extend the operations of the office to other forms of insurance. An exactly similar provision has been in operation in New South Wales since 1916 and has run the gamut of various Governments of different political views. It has operated beneficially in that State. In those circumstances we do not propose to embark upon a new avenue of State insurance. When I interjected and asked the member for West Perth if he had in mind the reserves that had been built up, he replied that he intended to deal with that phase later on, but he did not do so.

Hon. C. G. Latham: He will deal with that in Committee.

Mr. McDonald: I would have done so, but I thought I had already taken up too much of the time of the House.

The MINISTER FOR EMPLOYMENT: In answering the member for West Perth, I can also reply to the Leader of the Opposition with reference to the point he raised that the Government should keep out of this class of business. As I mentioned when moving the second reading of the Bill, the State Insurance Office was started without the aid of one penny from Consolidated Revenue. In those circumstances, it is useless for the Leader of the Opposition to talk about the business failing and the consequences falling upon the general taxpayers. It is not a question of a business falling back on the general taxpayers, seeing that it started without capital, and during its existence has built up reserves amounting to nearly £300,000. Rather than a question of falling back on the State, it involves one of preventing taxpayers from being exploited. The member for West Perth referred to figures given in Parliament in 1926. He did not say to what years those figures related; they may have applied to earlier years. I gave the figures for 1933 and 1934. Even if the figures the member for West Perth dealt with were true—I do not question their correctness at the time they were given eight or ten years ago—I would point out that since then the workers' compensation portion of the Queensland Insurance Office has extended so that the premiums paid now total £6,400,000. Accepting the 1926 figures as correct, and bearing in mind the amount of

premiums paid to 1934, that result should indicate to members the big strides State insurance has made in the interim. I trust members are satisfied that the Bill should find a place in the statute-book. It will mean considerable relief to primary producers. The Leader of the Opposition claimed that the rates are altogether too high. I think they are, and I believe they can be considerably reduced. We have presented a measure by which those rates can be reduced, and I hope the Bill will be agreed to.

Question put and passed.

Bill read a second time.

In Committee.

Mr. Sleeman in the Chair; the Minister for Employment in charge of the Bill.

Clause 1—agreed to.

Clause 2—Interpretation:

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

That in lines 10 and 11 of the definition of "insurance business" the words "unless authorised by the Governor by Order in Council" be struck out.

As the definition now stands, it means that we will authorise any extension determined upon by the Government, because Parliament will have no further control over the business. With the words, which I propose to strike out, included in the interpretation, the Government could determine to embark upon any other form of insurance business and an Order in Council would enable that step to be taken. That is wrong in principle. It might land the State in tremendous losses. If we agree to the definition as it stands, we might just as well abolish this Chamber altogether. Probably it would be better for the people of the State if we collected half a dozen or ten men and gave them all the responsibility. I object to members declaring the Executive Council should have the final say in these matters. It should be for Parliament. However, it will be cheaper for the people when we hand over everything to eight or ten men. Members here are quite dumb, they do not like to express themselves, preferring to hand over all responsibility to Ministers.

The Minister for Employment: They have more faith in Ministers than you have.

Hon. C. G. LATHAM: I have been sent here with certain responsibilities, and I accept them. I will not put the Minister on a pedestal. If the amendment be carried, Parliament will have to be consulted when it is desired to extend the business of the State Insurance Office.

Mr. McDONALD: In a certain sense the amendment is associated with the terms of Clause 4, which deals with the extension of the field of insurance by authority of an Order-in-Council. The Minister might well consider reporting progress, because we have not had much time in which to frame some amendments which ought to be made and which would facilitate the general acceptance of the Bill.

The MINISTER FOR EMPLOYMENT: If the amendment were carried it would take away the practical purpose of the measure, which makes provision to give the Government full power to say that certain extensions shall be made. The amendment aims at the whole principle of the measure, and so I cannot accept it.

Hon. C. G. LATHAM: The amendment will not prevent the State Office from conducting insurance, because under the definition of "insurance business" the office will have a very wide range of business. The Minister's remarks might convey that if the amendment were carried the State Office could not make any extensions. I am sorry the Minister will not accept the amendment, because with it the Bill would be the more acceptable, and so the Minister would get everything he desired.

Amendment put and negatived.

Clause put and passed.

Clause 3—State Government Insurance Office established as a State trading concern:

Mr. McDONALD: I move—

That progress be reported.

Motion put and negatived.

Hon. C. G. LATHAM: It is very unfair of the Minister to expect members to be able, in the very short time we have had, to put up their amendments in proper form.

The Minister for Employment: At a recent sitting you said that if we adjourned

comparatively early it would give members time to frame their amendments.

Hon. C. G. LATHAM: There has been no comparatively early adjournment. If the Minister wants me to tell him something of the conduct of the session—

The CHAIRMAN: Order!

Hon. C. G. LATHAM: I should have liked to see the Bill shaped in this Committee. I cannot move my amendments without having them properly drafted. I do not wish to destroy the value of the Bill.

Clause put and passed.

Clause 4—Government authorised to carry on certain insurance business:

Mr. McDONALD: I urge the Minister to report progress. The Bill has been introduced at the end of the session and time has not permitted us to frame amendments.

The CHAIRMAN: I point out that progress has not been reported for another quarter of an hour.

Mr. McDONALD: I enter a strong protest against the manner in which the Bill is being dealt with.

Clause put and passed.

Clauses 5 to 9, Title—agreed to.

Bill reported without amendment and the report adopted.

BILL—PUBLIC DENTAL HOSPITAL LAND.

Second Reading.

Order of the Day read for the resumption from the 29th November of the debate on the second reading.

Question put and passed.

Bill read a second time.

In Committee.

Mr. Sleeman in the Chair; the Minister for Agriculture in charge of the Bill.

Clause 1—agreed to.

Clause 2—Authority to sell land:

Hon. C. G. LATHAM: When the block was granted to the Dental Hospital, it was on the understanding that a hospital would be built on it and it was favoured because it was in close proximity to the Perth Hospital. Now I understand the Dental Hos-

pital is to be built in Murray-street, near Havelock-street. The Pier-street block should not be sold. If it is not to be used for the Dental Hospital, it should remain the property of the Crown. The day may come when it will be necessary to enlarge the Government Printing Office and the block would be useful for that purpose. It would be better to buy the other land for the Dental Hospital, which would not be so valuable as is the block it is proposed to sell.

The Minister for Agriculture: My information is that they are of similar value.

Hon. C. G. LATHAM: Why the sudden change?

The Minister for Agriculture: I am informed that the Pier-street block would involve an expensive hospital, that three storeys would be necessary, requiring stairs and artificial light.

Hon. C. G. LATHAM: Has this matter been referred to the Surveyor General with a view to getting the blocks valued? The Acting Premier has a responsibility to ensure that the Pier-street block does not pass out of the possession of the Crown. I insist upon having a reply to my question.

The MINISTER FOR AGRICULTURE: The Surveyor General would not be the man to make a valuation; it would be made by Mr. Hall, the land resumption officer.

Hon. C. G. Latham: I know what the law says.

The MINISTER FOR AGRICULTURE: The department assure me that the matter has been thoroughly considered. The question of the suitability of the block rests with the Dental Board. The Lands Department inform me that the two are of similar value and the hospital authorities say that the block in Pier-street is unsuitable.

Hon. C. G. LATHAM: When there is an exchange of land it is the duty of the Surveyor General to report upon the value. This Pier Street land is of great value to the Government.

The Minister for Agriculture: These people are entitled to a block of land. They are giving public service.

Hon. C. G. LATHAM: I do not want this land to be sold. The Crown should retain possession of it in case it is required by the Government Printing Office.

The Minister for Agriculture: It is too late to talk about that.

Hon. C. G. LATHAM: If it is a question of acquiring the other block, it would be preferable for the Government to do that and keep possession of the Pier Street block. If these people do not want the land for a dental hospital, the Crown should keep it.

The Minister for Agriculture: The Murray Street block would be expensive.

Hon. C. G. LATHAM: Not as expensive as the Pier Street land. I think it could be bought for about £500.

The ACTING PREMIER: In all land transactions, or exchanges of Government property, it is the land resumption officer, Mr. Hall, who estimates the values. We are advised that the values of the two blocks are approximately the same. The Murray Street land is larger than the Pier Street block. If they were of the same size the Pier Street land would be more valuable than the other. The Government Printing Office could not use the land if it were the site for a dental hospital, or if it was used for extending the Goldfields Club Hotel. Our predecessors decided to give the land away.

Hon. C. G. Latham: We determined the purpose for which it was to be given away, but the Government are now asking for the right to sell it.

The ACTING PREMIER: This is the first I have heard of any desire on the part of the dental hospital authorities to have this land. We understand the dental hospital authorities selected the Murray Street site.

The Minister for Justice: After searching all over the city for a suitable block.

The ACTING PREMIER: The proposal comes from them. They are getting no money out of it. This is merely an exchange of sites of approximately the same value. It appears to me that the Murray Street block is rather out of the way for most people, but we are taking the advice of those in charge. It would certainly not be as convenient a spot as the Pier Street site.

Clause put and passed.

Clauses 3, 4, Preamble, Title—agreed to.

Bill reported without amendment, and the report adopted.

BILL—WORKERS' COMPENSATION ACT AMENDMENT.

Second Reading.

Debate resumed from the 29th November.

MR. McDONALD (West Perth) [11.33]: I have examined the Bill, and it appears to me to be one which should meet with the approval of the House. The provisions regarding mining disabilities are in conformity with a Bill recently passed by the Chamber; and the suggestions made by the Minister regarding procedure represent, in my opinion, an improvement on the present procedure under the parent Act. For that reason I support the Bill.

MR. MARSHALL (Murchison) [11.34]: I move—

That the debate be adjourned.

Motion put and negatived.

Mr. MARSHALL: I support the second reading, but am sorry that the Bill is not more comprehensive. Over a period of years it has been found that the parent Act does not give to beneficiaries all that was originally expected and intended. Insofar as the Bill falls short of supplying those deficiencies, I feel disappointed in it. It is remarkable that although compensation for injured workers is provided and a weekly payment is arranged for, the Act does not compel the employer to pay weekly. As a result there is on the Murchison a growing tendency on the part of mining companies to disclaim responsibility regarding negotiations for payment of compensation to a beneficiary. They leave the matter to some insurance company which has given them cover. As much as six weeks and even two months pass by occasionally before a person entitled to compensation is paid. The mining companies refuse to pay, saying, "We have to negotiate with the insurance company." When all the requirements of the Act have been complied with, the mining company still refuse to pay pending authorisation, so to speak, from the insurance company. That is an irregularity or deficiency in the Act which might have received attention in connection with this amending Bill. A claimant to compensation has no legal standing in the matter; he must just sit down until the company are prepared to pay. Another feature I should have

liked to see in the Bill is a provision compelling the mining companies to pay compensation for teeth, either natural or artificial, lost by a worker in the course of his employment. Subject to those two points, I find no fault with the Bill. The first of the two matters I have mentioned is the more important. The absence of such a provision as I have mentioned has been exploited to a degree.

Question put and passed.

Bill read a second time.

In Committee.

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

ADJOURNMENT—SPECIAL.

THE ACTING PREMIER (Hon. A. McCallum—South Fremantle) [11.38]: I move—

That the House at its rising adjourn until 7.30 p.m. to-morrow.

Question put and passed.

House adjourned at 11.39 p.m.

Legislative Council,

Wednesday, 5th December, 1934.

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Factories and Shops Act Amendment, 1s.	1772
State Government Insurance Office, 1s.	1772
Public Dental Hospital Land, 1s.	1772
Workers' Compensation Act Amendment, 1s.	1772
Purchasers' Protection Act Amendment, 1s.	1772
Administration Act (State and Succession Duties) Amendment, Com.	1772

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

ASSENT TO BILLS.

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

- 1, City of Perth Superannuation Fund.
- 2, Dried Fruits Act Continuance.
- 3, Land Tax and Income Tax.
- 4, Gold Mining Profits Tax Assessment.
- 5, Road Districts Act Amendment (No. 3).

MOTION—STANDING ORDERS SUSPENSION.

THE CHIEF SECRETARY (Hon. J. M. Drew—Central) [4.35]: I move—

That, during the month of December, so much of the Standing Orders be suspended as is necessary to enable Bills to be put through all stages in one sitting, and all Messages from the Legislative Assembly to be taken into consideration forthwith; and that Standing Order No. 62 (limit of time for commencing new business) be suspended during the same period.

It is almost needless to explain to members the necessity for the motion. It is proposed to close the session before Christmas, if it is at all possible to do so. If we are to do that, it is essential that the Standing Orders be suspended. The position is well known to members, and I trust no objection will be offered to the motion.

HON. V. HAMERSLEY (East) [4.36]

A similar motion is presented at the end of each session: the custom has grown up from time immemorial.

Hon. C. F. Baxter: It is a necessary motion.

Hon. V. HAMERSLEY: It is, and I do not suppose many members will raise any objection to it. Knowing the Chief Secretary as we do, we are fully aware that he would not take advantage of the suspension of the Standing Orders, but there have been times when some of us have felt it has given rise to a very serious situation. As no member has spoken against the motion, silence has given consent, but nevertheless we have found ourselves at times in a very awkward position. We have discovered that legislation has passed through the various stages almost without discussion and the effects of hasty legislation have been apparent from time to time. I want to issue a warning, particularly to new members, as to what this means. Some of our worst legislation is