

hours. I do not propose to say anything more in reply to the second reading debate, but will reserve other arguments till the Committee stage.

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

Ayes 24

Noes 15

Majority for 9

AYES.

Mr. Coverley
Mr. Cross
Mr. Doust
Mr. Fox
Mr. Hawke
Mr. Hegney
Miss Holman
Mr. Hughes
Mr. Lambert
Mr. Marshall
Mr. Munzie
Mr. Needham

Mr. Nulsen
Mr. Rodoreda
Mr. Sampson
Mr. Sleeman
Mr. F. C. L. Smith
Mr. Styants
Mr. Tonkin
Mr. Troy
Mr. Willcock
Mr. Wise
Mr. Withers
Mr. Wilson

(Teller.)

NOES.

Mr. Boyle
Mrs. Cardell-Oliver
Mr. Hill
Mr. Keenan
Mr. Latham
Mr. Mann
Mr. McDonald
Mr. McLarty

Mr. North
Mr. Seward
Mr. Thorn
Mr. Warner
Mr. Watts
Mr. Welsh
Mr. Doney

(Teller.)

PAIRS.

AYES.

Mr. Collier
Mr. Johnson
Mr. Millington
Mr. Raphael

NOES.

Mr. J. M. Smith
Mr. Patrick
Mr. Stubbs
Mr. Brockman

Question thus passed.

Bill read a second time.

House adjourned at 10.7 p.m.

Legislative Council,

Tuesday, 20th October, 1936.

	PAGE
Bills: Western Australian Bush Nursing Trust, 1s.	1185
Pearling Crews Accident Assurance Fund, recom.	1185
Supply (No. 2) £1,600,000, 1s.	1185
Petroleum, 1s.	1185
Justices Act Amendment, 1s.	1185
Electoral Act Amendment, 1s.	1185
State Government Insurance Office, 2s.	1186
State Transport Co-ordination Act Amendment (No. 3), 2s.	1195

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

BILL—WESTERN AUSTRALIAN BUSH NURSING TRUST.

Introduced by the Chief Secretary, and read a first time.

BILL—PEARLING CREWS' ACCIDENT ASSURANCE FUND.

Recommittal.

On motion by Hon. J. J. Holmes, Bill recommitted for the purpose of further considering Clause 4.

In Committee.

Hon. J. Cornell in the Chair; the Chief Secretary in charge of the Bill.

Clause 4—Duties and powers of board:

Hon. J. J. HOLMES: I move an amendment—

That in paragraph (d) of Subclause 2 the words "that any company or underwriters" (inserted by a previous Committee) be struck out.

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

Bill again reported with an amendment.

BILLS (4)—FIRST READING.

- 1, Supply (No. 2), £1,600,000.
- 2, Petroleum.
- 3, Justices Act Amendment.
- 4, Electoral Act Amendment.

Received from the Assembly.

BILL—STATE GOVERNMENT INSURANCE OFFICE.

Second Reading.

Debate resumed from the 13th October.

HON. C. F. BAXTER (East) [4.45]: The Bill to legalise State insurance is almost a hardy annual. This is the fifth attempt to influence the House to agree to the legalisation of State insurance.

Hon. T. Moore: There is nothing hasty about this legislation.

Hon. C. F. BAXTER: Previous attempts were made in 1926, 1927, 1932 and 1934. On each occasion the Bill was rejected by a substantial majority, and it would be interesting to know what has influenced the Government in again presenting the measure. The result of the last Council elections cannot have given them any encouragement to think, as far as I can judge, that the voting strength against the principle will show any alteration.

Hon. C. G. Elliott: You never know.

Hon. C. F. BAXTER: The remaining argument that would tend to influence members who are opposed to the principle of State insurance is the result of Government-controlled insurance in other countries similar to Western Australia. In this respect the Honorary Minister has quoted Queensland and Tasmania. Before making any comparisons, I wish it to be understood that I have no intention of repeating the matter I used on the last occasion, because I feel convinced that the discussion on the 1934 Bill will still be fresh in the minds of hon. members. If there is any need for them to refresh their memories, they can refer to the second volume of "Hansard" for 1934. The Minister's introductory speech will be found to commence on page 2025 and the debate was resumed on page 2217. The Bill was discussed freely that session, and I would advise members who were not then present to peruse the speeches delivered on that occasion. The Honorary Minister submitted the results of State insurance offices elsewhere to justify the establishment of a State-controlled insurance office in this State. During the course of his speech he said:—

Wherever the State has embarked on the profitable business of insurance, there has resulted either an increase in the benefits of those insured with the State offices, or a substantial reduction in the premiums charged by private companies.

This reference to profitable insurance business is premature. The State Insurance Office has produced figures that disclose a surplus up to the present, but, after taking into consideration unsettled claims and claims that will occur under policies at present current, a loss is definitely shown. How serious that loss will be by the end of the financial year it is impossible to estimate, but it should be remembered that there are legitimate charges that are never taken into consideration by the State Insurance Office. In fact, the results of the operations of the State Insurance Office are not comparable with trading done by private enterprise, where companies are required by law to prepare and publish correct balance sheets, pay taxes on premium income—not on profits—pay salaries to their employees under awards, and give service to the public and clients that a State-controlled concern cannot do even under the best conditions. The State Insurance Office pays no rent, income tax or other charges borne by private companies, whereas private insurance companies have to pay taxation under the legislation dealing with dividend duties and with financial emergency and hospital contributions, for every pound of premium income received by them. In addition, the private companies employ hundreds of citizens who naturally pay taxes as well. Thus, the taxation received from these sources would disappear and would have to be made up by further burdens on the general taxpayer. One of the greatest drawbacks to State trading concerns is the control of the State Trading Concerns Act, which inflicts a very heavy disability on any commercial concern. This position is accentuated in insurance operations, the success of which depends upon reasonable and generous adjustment, which is quite impossible under the State Trading Concerns Act. Most important of all is the fact that instead of moneys being available for the insurance business, the funds of the office will be controlled by the Treasury. Thus, State insurance moneys will become Government funds, which will create, in consequence, a dangerous position. The Honorary Minister's second reference, which may be taken as his strongest argument, was that the advent of State trading in other parts of Australia had resulted in reduced premiums, and he quoted figures in support of his claim in that respect. The figures quoted by him to indicate the result of the operations of State Insurance Offices else-

where are very interesting, particularly those referring to Queensland, which has a monopoly of workers' compensation business, on the introduction of which, the Honorary Minister states, the premiums were reduced by 33 1/3 per cent. On his own admission, this has resulted in a loss to the insurance department of £40,000, but what the Minister omitted to state was that the Queensland Government Insurance Office recently increased rates for workers' compensation business, in some instances by as much as 90 per cent. To indicate to members what this meant, I shall state some of the increases, as follows:—

Agricultural labourers, 90.6 per cent.; building contractors, 30.7 per cent.; bush fallers, 90 per cent.; butchers, 75 per cent.; cattle-droving, 20 per cent.; engineers, 50 per cent.; fencers, 89.6 per cent.; pastoralists, 50 per cent.; ploughing contractors, 90.6 per cent.; poultry farmers, 20 per cent.; timber-getters, 73.8 per cent.

This record of increased premiums refutes the Honorary Minister's argument regarding reduced imposts. I have no knowledge of where the Minister obtained the figures he quoted when comparing State Insurance Office administration expenses with those of private companies. In his statement, the Honorary Minister quoted the companies' administration expenses to premium income at 37.7 per cent. for 1934, and 37.1 per cent. for 1935. If he will turn to the figures published in the "Pocket Year Book," he will find the return issued by the Government Actuary, which shows the premiums, losses and expenses of general insurance companies for the year ended the 30th June, 1934. The revenue from premiums for workers' compensation business is shown at £271,982, while the administration expenses, including commission and agents' charges, total £35,571, which equals 20.4 per cent., and not 37.7 per cent. as stated by the Minister. Therefore, to justify his case, the Honorary Minister has almost doubled the actual expenses of the companies. For the year ended the 30th June, 1935, the revenue from premiums is shown as amounting to £327,913, and the administration expenses to £60,197, which equals 18.3 per cent. and not 37.1 per cent. as quoted by the Honorary Minister, who, in this instance, has more than doubled the actual costs. As regards the other figures quoted by the Minister for insurance generally, the "Pocket Year Book" for 1936 gives the total premium revenue of general insurance companies for

1935 as £964,609, not £790,190, as he stated. The commission paid to agents was £112,965, which carries taxation for State revenue purposes, and other expenses £241,176, which shows an expense ratio of 36.7 per cent. to premiums, not 44.4 per cent. as stated by the Minister when he moved the second reading of the Bill. These figures compare more than favourably with those of State Insurance Offices elsewhere, particularly in respect of Tasmania, where the percentage was 44, and Queensland where the percentage was 39 in 1933 and 36 in 1934. The Government insurance concerns in those two States are the only Government-controlled insurance offices in Australia that conduct all classes of general insurance business, notwithstanding the many advantages that States have to avoid what are necessary expenses with ordinary insurance companies, in addition to which there is the fact that the private companies are heavily taxed. The expense ratio of the State Insurance Offices exceeds that of the private companies by an appreciable amount, and hon. members know from their own experience and their knowledge of the heavy losses made continually by State trading concerns, that State-controlled activities are not economical. There is extremely keen competition in the insurance business in Western Australia. The statement that a combine fixes the rates that control all insurance business is without foundation. There are companies not associated, and competition for business is very keen, resulting in consistent rate-cutting that prevents exploitation. Under the Bill, business will be effected by the Government with full control. They will have power to grant approval, and it is quite reasonable to expect that no application in respect of a private insurance office will be approved. Another dangerous feature is that the extension of the State Office business can be made by way of a proclamation.

Hon. L. Craig: We can alter that when dealing with the Bill in Committee.

Hon. C. F. BAXTER: That is a very dangerous and far-reaching power.

Hon. L. Craig: Yes, if we agree to it.

Hon. C. F. BAXTER: In this respect I desire to impress upon members the gradual growth of the process of government by proclamation. Gradually but surely extraordinary powers are being sought in differ-

ent Bills, and every care should be exercised by this House to prevent the extension of this undesirable and far-reaching procedure.

Hon. T. Moore: You sought a few such extensions yourself when you were a Minister.

Hon. C. F. BAXTER: No, not in respect of government by proclamation. The excuse put forward at the outset for the establishment of the Government Insurance Office in 1926 is well known to this House. It has always been alleged that the companies would not quote for miners' diseases business. The then Government took every care that the companies could not quote. The only source from which the necessary information as regards risks for miners' diseases could be procured was from the Government departments that could disclose the results of the medical examination of miners. This was definitely refused, and consequently no quote could be given. Irrespective of this position, every industry should meet the burden created by its occupational diseases. Any other system is wrong in principle and vicious in its application to the general taxpayer. Governments were established to govern and administer, but every session witnesses a departure from those principles, with the result that the taxpayers are heavily burdened and their efforts curtailed, this being reflected in a lessening of their revenue-producing ability. The less Government interference we have, the more prosperous will be the State and the people. There is no need for a State Insurance Office. Keen competition exists between tariff and non-tariff companies, and the State office could not expect to compete with companies having a world-wide field in which to operate. To get business the State Office would, of necessity, have to enter into unfair competition, which would be costly to the taxpayers. This House, as I have said, has on five previous occasions rejected Bills of the nature of that now before us. In the meantime the arguments in favour of State insurance have not only become weaker, but now prove definitely that the rejection of the former measures was amply justified, and I cannot conceive of members doing other than rejecting this Bill on the second reading with a more substantial majority than previously. I shall oppose the second reading.

HON. J. CORNELL (South) [5.1]: Members will recall that, on all the measures dealing with State insurance, I supported the principle. On this occasion I shall vote for the second reading. As Mr. Baxter has said, this is the fifth occasion on which a similar Bill has been presented to Parliament. The State Insurance Office was opened in 1925, and I wish briefly to recapitulate an experience I had when the private companies were asked to quote under the Third Schedule of the Workers' Compensation Act. The late Mr. Olney, who was then Mayor of Subiaco and chairman of the Underwriters' Association, called at my home and we had a long conversation, in the course of which he asked me whether, from inquiries I had made into miners' industrial diseases in South Africa, I could advise him of the potential risk attaching to insurance under the Third Schedule. I told him I could not. He asked me whether I would meet four representatives of the Underwriters' Association in Perth. I met them and we discussed the project for considerably more than 1½ hours. My answer to questions regarding the measuring of the potential risk was that my inquiries in South Africa covering experience dating back to 1912—they have not advanced any further to-day—showed there was no yardstick, as it were, by which the potential risk could be ascertained. The object of the South African legislation was to throw the onus on the employer to make the mining position such as would eliminate risks under the Third Schedule. I advised Mr. Olney and the four representatives that the obligation was cast on the companies to implement insurance under the Third Schedule, and I suggested that they should take up the risk for one year. I added, "If you do not adopt that course, what is the alternative?" The Third Schedule risk under the Workers' Compensation Act had been proclaimed, and it was the duty of the Government who had proclaimed it to implement it and provide the machinery whereby the beneficiaries under the Act could obtain what was due to them. That explains the origin of the State Insurance Office. It was brought into being to implement the Third Schedule of the Workers' Compensation Act, and I think Mr. Seddon will bear me out when I say that the Third Schedule could not have been put into operation without some instrumentality to assume the risks. The proclamation of the Third

Schedule was delayed for a considerable time, but since then the State Insurance Office has had to carry the risks and meet the risks of beneficiaries. Suppose the State Insurance Office were closed to-morrow, how could the present commitments under the Third Schedule—not future claims—involving an amount in the vicinity of £200,000 be met?

Hon. G. W. Miles: The office has a reserve fund, so the Honorary Minister told us.

Hon. J. CORNELL: Suppose there is a reserve equal to the present commitments under the Third Schedule, and that we started afresh, are we going to repeal the Third Schedule? I understand that even now the private companies are not prepared to accept the Third Schedule risks.

Hon. E. H. Angelo: Who told you that?

Hon. J. CORNELL: I have been so informed. If the State Insurance Office went out of existence to-morrow and the private companies were unprepared to take the risk of future commitments, the Third Schedule benefit would have to be taken away from the miners in this State. It is well that this House should face the facts. I am not a violent advocate of State insurance, but we must bear in mind that the office had to be brought into being to give effect to the wishes of Parliament, and that if it is abolished, some other instrumentality must be brought into existence to carry the risk of the new liability, as well as probably some contingent liability under the Third Schedule. That is the only phase which concerns me, bearing in mind the claims of the mining industry in which 10,000 or 12,000 men are employed, and I hope members will bear that phase in mind. The existing position is absolutely absurd. Members are condemning the State Office and State insurance, though the office has been an established fact for 10 years. It operated for three years when the party which Mr. Baxter so ably represented in this House were in power. The National Party carried on State insurance as their predecessors had done, and as their successors have done, and made no attempt to legalise the State Office or abolish it.

Hon. G. W. Miles: That is where they showed their weakness.

Hon. J. CORNELL: One of the planks of the National Party's platform for donkeys' years was the abolition of State trading concerns, but the National Gov-

ernment, instead of abolishing them, added to them. It is idle for members to rail at the Labour Party for the introduction of State trading concerns. The Labour Party did not bring forth some members of the family. The Mitchell-Latham Government, instead of doing away with them, added to the numerous family. They not only condoned State insurance but used it to the utmost extent. Adherents of that Government now ask us not to support State insurance, although they worked the office for all it was worth. I am not a Mr. Facing-both-ways. Two years ago Parliament should have definitely decided one way or the other—either that the State Insurance Office should go out of existence, or that it should be given legal status. The talk of legal status is more or less a parrot cry, because the office is an actuality whether it has legal status or not, and it is an actuality, that will be difficult to get rid of. For members here to continue to reject Bills to legalise an instrumentality that has functioned for 10 years under two brands of Government savours of hypocrisy. The Public Service list shows that at present there are 21 public servants under the Act and the Commissioner, enjoying all the rights and privileges of the service, employed in this illegal concern. It is time we faced the legal situation. Eighteen of those employees have joined the service since the inception of State insurance; the other three were in the service previously and were transferred to the State Insurance Office.

Hon. E. H. Angelo: And yet the administrative expenses are only 3 per cent. odd!

Hon. J. CORNELL: I understand that the hon. member is a director of an insurance company. I am not bothering one iota about the quotes or the rates incidental to the insurance business. What I am concerned about is the hypocritical attitude adopted for so many years toward the State Insurance Office. As I have mentioned, we had a Government pledged to abolish it, and yet they carried it on, and members still are objecting to the office having legal status which would bring its operations and commitments within the purview of Parliament through the medium of the Estimates. Though there are 21 members of the Public Service employed in the State Insurance Office the commitments of

the office do not appear on the annual Estimates. Parliament has no say at all in the finances of an existing department having everything but legal status. It is about time that we got down to tinctures and either gave the State Insurance Office legal recognition or refused permission for it to carry on. One or the other. If members will turn their minds back, they will remember that some years ago the State Insurance Office was not a recognised institution in the Public Service List and its officers were not considered public servants. Now, as I have already pointed out, their names appear in the official list. I am not committed to the terms of the Bill, but what I am committed to is the principle whether or not we should carry on the office or end a state of affairs that is hardly desirable to ourselves as members of Parliament, or to the community generally. I intend to support the second reading.

HON. L. CRAIG (South-West) [5.17]: I am not a director of an insurance company and I intend to support the second reading. I perhaps favour State trading less than most members of this House.

Hon. W. J. Mann: I do not think so.

Hon. L. CRAIG: But we must be reasonable and sensible about this matter. It is sheer hypocrisy for members to say that they disagree with State insurance, and yet we know that certain members of this House who were members of a former Government permitted the office to carry on during their regime. Mr. Baxter and Mr. Parker were members of a former Ministry. What did they do to abolish State insurance?

Hon. J. Cornell: Mr. Parker did not have time; he was not there long enough.

Hon. L. CRAIG: I should like to ask what those hon. members would do if they were again returned to power.

Hon. J. Cornell: Keep it going.

Hon. L. CRAIG: Yes, the State Insurance Office would still carry on. I made it my business to inquire from would-be leaders in a possible Government of the future as to what would happen to the State Insurance Office and the reply I received was "we could not abolish it." Therefore, let us be sensible and not talk like children. We must legalise the State Insurance Office or abolish it. We know that no one is willing to abolish an office and therefore why not legalise it? Of course when the Bill reaches the Committee stage we must chop it about.

I am not in favour of the State Insurance Office coming into life assurance which is already provided for by mutual companies. Those companies are doing a national service; the State institution is a different thing altogether. Do we agree that the worker should be protected under the Workers' Compensation Act? Everyone will say "Yes, of course." Therefore, unless we legalise the State office, we cannot do what we wish in that direction. We know that there is not compulsory insurance today under the Workers' Compensation Act. Suppose I were a man of straw and one of my employees were injured. He would get nothing. That has happened already and will happen again. National insurance must come and what is that except insurance through the Government? This will come into force and nothing will stop it. Therefore, the sooner we get down to reason the better it will be. Let us now agree in principle that we must either abolish or legalise the State Insurance Office. It is sheer hypocrisy for members of Parliament to say that they do not agree with State trading. What would the members representing the North Province say if the State vessels were taken off the coast? They would be emphatically against it, but at the same time, when it is a question of insurance, they regard it as State trading. They do not regard it as State trading when it applies to the State ships.

Hon. G. W. Miles: I do not agree with you; I am in favour of private enterprise subsidised by the Government.

Hon. L. CRAIG: The hon. member made a speech some time ago eulogising the Government for the boats they put on the coast, and he actually asked them to hurry along and build a new ship. He praised the Government for what they had done. I agree that we must draw the line between what is and what is not State trading. Some members say it is all right when it deals with the provision of essential services, but I do not know that we agree as to what are essential services.

Hon. G. W. Miles: You should be more consistent.

Hon. L. CRAIG: I am consistent and I do believe in sticking to principles.

Hon. G. W. Miles: You are not sticking to yours now.

Hon. L. CRAIG: I am not accustomed to such interjections.

The PRESIDENT: Order! I trust the hon. member will ignore the interjections.

Hon. L. CRAIG: I ask the House to pass the second reading of the Bill and if it is desired to amend it, the amendments can be made in Committee. But let us agree in principle that we must either legalise or abolish the office. My opinion is that State insurance is here to stay.

Hon. J. M. MacFarlane: I cannot agree with that.

Hon. L. CRAIG: To abolish State insurance is like stemming the tide. Efforts are being advanced to make third party insurance compulsory and if that passes, it will become a tax on most of us. We have recognised the companies that are here and we must also recognise that the State office has some say. I shall support the second reading.

HON. C. G. ELLIOTT (North-East) [5.25]: The Bill before the House is mainly for the purpose of legalising past, present and future operations of the State Insurance Office. Unfortunately, there are other clauses tacked on to this most important Bill, and the Governor in Council is given power to extend the operations of the State Insurance Office and undertake other classes of insurance business. Why the Government have seen fit to add those highly controversial clauses is beyond my comprehension. Surely they must realise that they are to a more or less extent jeopardising the passing of the Bill. I intend to support the second reading and I urge other members to do likewise for several very important reasons which I shall outline. The controversial clauses can be dealt with in Committee without endangering the position of those men now dependent on the legalising of the State Insurance Office. The matter of legalising State insurance is to my mind one of the most important questions that can be dealt with during this session, important because it concerns at least 15,000 men who are directly engaged in the mining industry, as well as thousands of men engaged in other industries throughout the State. I do not desire to go into the past history of the State Insurance Office other than to say that I am perfectly satisfied in my own mind that the Government of the day were fully justified in bringing the State Insurance Office into existence. It must not be forgotten that the private insurance companies definitely refused to quote for the industrial

diseases section of the third schedule of the Workers' Compensation Act. No other alternative was left the Government but to arrange for the adequate protection of all those men. As there appears to be a certain amount of misapprehension in the minds of members as to the functions of the State Insurance Office, it should clearly be understood that the office has nothing whatever to do with payments under the old Miners' Phthisis Act or the present Mine Workers' Relief Act. The State Insurance Office has nothing whatever to do with the compensation paid under those two Acts. Its functions apply only to the various schedules in the Workers' Compensation Act which include industrial diseases. A recent question asked by me in this House elicited the information that since its inception the State Insurance Office has shown an accumulated profit of £315,568 15s. in connection with the industrial diseases section, out of which outstanding claims will have to be met, and the accident section has shown a profit of £10,682 7s. 2d., from which also must be met outstanding claims. The accumulated profit shown by the industrial diseases section is accounted for by the contribution by the mining industry of £4 10s. per cent. on all wages paid to employees. It is in connection with that section that private insurance companies refused to quote. The fact that the State Insurance Office is an illegal institution makes it responsible for a great amount of injustice and hardship to men working in the industry. I shall refer to one out of the many cases that have come under my notice. A man had worked in the deep mines on the Golden Mile for over 30 years when he secured a job on a surface mine. He worked there for three months, and during that period attended the annual laboratory examination, when it was revealed that he was suffering from silicosis advanced. He was notified by the Mines Department that he was eligible for full compensation. He completed, and forwarded to the State Insurance Office, the necessary forms, and was then notified that owing to the fact of his last employer having failed to cover him, the office was not obliged to pay compensation.

Hon. J. J. Holmes: What would you say if a private company had adopted that attitude?

Hon. C. G. ELLIOTT: I will presently state the reason why the State Insurance Office decided that it was not liable to pay

compensation. The remedy for the man was for him to sue his last employer for compensation. It transpired, however, that the mining company for which he had been working had closed down, and that there were no funds left. The result was that this man, after working in the industry all his life, was left 100 per cent. incapacitated without compensation for himself and his wife to live upon.

Hon. A. Thomson: Would not the man get compensation under the Mine Workers' Relief Act?

Hon. J. Nicholson: No.

Hon. C. G. ELLIOTT: He is quite outside that Act.

Hon. H. Seddon: Is not that due to the fact that the Workers' Compensation Act has not been enforced?

Hon. L. Craig: The last company did not have to insure the man.

Hon. C. G. ELLIOTT: Because of the illegality of the State Insurance Office, an employer cannot be forced to cover his employees; nor can he be punished for failing to do so. I leave it to the imagination of hon. members to picture the position that would arise if several of our large mining companies refused to pay premiums into the State Insurance Office to cover their employees against industrial diseases. And they could refuse to-morrow if they so desired, owing to the illegal position of the State Insurance Office. They could not be forced to do so.

Hon. A. Thomson: But it is compulsory to do so.

Hon. J. Nicholson: No.

Hon. A. Thomson: It is definitely laid down in Section 10 of the Workers' Compensation Act.

Hon. C. G. ELLIOTT: The fact remains that all the large mining companies of Western Australia, if they so desired, could refuse to pay any further premiums into the State Insurance Office to cover their workers under the Workers' Compensation Act, owing to the illegal position of the State Insurance Office.

Hon. J. J. Holmes: But then the mining companies would have to meet all claims themselves.

Hon. C. G. ELLIOTT: That is so, up to £750; but there would be no fund established to meet future cases.

The PRESIDENT: Order! The hon. member must address the Chair, and not individual members.

Hon. C. G. ELLIOTT: I think I can safely leave it to the common sense and the justice of hon. members to ensure that men who give their lives to the mining industry are adequately protected. Hon. members can achieve that only by the legalising of the State Insurance Office, which represents the sole means of protection. For this vital reason I urge hon. members to vote for the second reading, and deal with individual clauses in Committee.

HON. E. H. H. HALL (Central) [5.36]: I certainly shall vote for the second reading of the Bill. The suggestion to do otherwise does not appeal to me, notwithstanding Mr. Baxter's statement that what has happened to similar measures on four or five occasions in this Chamber should be repeated. Section 10 of the Workers' Compensation Act provides that it shall be obligatory for every employer to obtain cover from an incorporated insurance office approved by the Minister administering the Act. That section enables members of Parliament, in common with other employers, to do what a member of this Chamber this afternoon told us he was doing—to flout the law in a most barefaced manner. An hon. member rises in this Chamber to state that he is not insuring his employees.

Hon. H. S. W. Parker: They are covered, though.

Hon. L. Craig: I repeat the statement.

Hon. E. H. H. HALL: The hon. member stated that he was not insuring his employees.

Hon. L. Craig: Quite so.

Hon. E. H. H. HALL: A penalty is distinctly provided for failure to insure employees. Mr. Cornell, who is not usually very persuasive, was followed by Mr. Elliott, and I agree with those two hon. gentlemen that the matter of the State Insurance Office should be either ended or mended. Like other members, I do not agree with all the provisions of the Bill; but I do hold that the measure should go into Committee. I make no appeal to hon. members. All the appealing done here during the years I have been a member represented so much waste of time, as every member voted in accordance with his conscience or principles. I shall vote for the second reading, with a view to amendment in Committee.

HON. H. S. W. PARKER (Metropolitan-Suburban) [5.38]: I am opposed to the Bill, mainly for the reason that in my opinion the duty of the Government is to govern and not to trade. If we are going to have selected from members of Parliament a number of gentlemen to form an Executive Council, they are selected for the purpose of governing the people, and not for the purpose of trading. With all due respect to any Minister, I do not think any person is elected to Parliament because of his vast knowledge of the insurance business. Yet we are asked to permit the Executive virtually to run an insurance company, and to place one member of the Executive nominally at its head, that he may supervise the insurance operations of that department. On the other hand, we find that people devote the whole of their lives to the study and control of insurance business.

Hon. J. Cornell: So they do to brick-making.

Hon. H. S. W. PARKER: Yes. That is the case in most walks of life. But there is a common idea arising that because a gentleman will be a highly efficient member of Parliament or a highly efficient Minister, he will therefore be able to control vast industries.

Hon. L. B. Bolton: We make laws, and we are not all lawyers.

Hon. H. S. W. PARKER: And we do not all keep the laws. I am strongly opposed to State trading in any form whatever, because I consider that trading of all kinds can be much better carried on by those who have devoted their lives to the study of those various trades. I fully realise that State instrumentalities should exist where a monopoly is necessary, and where the Government should have a monopoly. In young communities it is essential that the railways, for instance, should be run not for profit but for the purpose of opening up the country. Therefore we cannot get private persons to carry on that particular class of business. The Chief Secretary in his concluding remarks stated—

I reiterate, the measure merely seeks to provide the opportunity—

Hon. J. Cornell: From what is the hon. member quoting?

Hon. H. S. W. PARKER: I regret that I cannot rely on my memory. Desiring to

be accurate, I will quote from "Hansard," with your permission, Mr. President.

The PRESIDENT: The hon. member knows it is quite out of order to quote from "Hansard" of the current session.

Hon. H. S. W. PARKER: The concluding remark of the Chief Secretary was that the sole idea of the measure was to make reasonable rates of insurance available for the people.

Hon. G. Fraser: The Chief Secretary has not spoken on the Bill yet.

Hon. H. S. W. PARKER: Well, the Honorary Minister then. I feel sure the Chief Secretary would not have made such a statement. It is absurd to talk about State insurance being there for the purpose of keeping down rates. We have, I believe, 72 insurance companies operating in Western Australia.

Hon. T. Moore: What a load!

Hon. H. S. W. PARKER: Some of them are in association, but many of them are outside any association and are all the time cutting rates down to the minimum. I have always understood the Government are out to get people into employment. Yet one of the main features of the Honorary Minister's speech was to show that costs were increased by the private insurance companies, their administrative costs being as high as 30 per cent. instead of about 2 per cent., according to the figures quoted. Mr. Fraser goes about broadcasting the need for getting people employed. In the figures quoted we find that the commission paid by private companies in the way of wages amounted to £112,965. Surely that money, £112,965, is being distributed to employ people. It may be suggested that the amount will be out of circulation if we have State insurance. After all said and done, the State Insurance Office, as the Bill is drafted, has an absolute monopoly of workers' compensation insurance. True, it will not have a monopoly of other business. That £112,965 excludes commission on life insurance. The idea is that if we have a State Insurance Office, we must have a monopoly. Yet, again, we find in the Honorary Minister's speech the statement that the Government do not put the whole of their insurance into the State Insurance Office, that it is distributed, as it is a big risk. Of course they have to do that as a matter of business; so why does the State talk about a monopoly of State insurance,

when wise managers of insurance companies split up their insurance risks?

Hon. J. Cornell: Will the hon. member tell the House why he supported a Government that carried on the State Insurance Office?

Hon. H. S. W. PARKER: Yes. I was a member of another place for three years and, during that period, the Government were pledged to the abolition of all State trading concerns. But they were in office during a period when not any enterprise could be sold, because of the depression, and all they could do was to endeavour to find money from day to day for the purpose of saving people from starving.

Hon. G. Fraser: That is not the only time that Government were in office.

Hon. H. S. W. PARKER: I cannot speak for any other time than the time when I was in another place. While I was in that House, I supported a Bill that State trading concerns might be sold without consulting Parliament. That measure went through that House after a keen debate. It is all very well to talk about the last preceding Government, but their hands were tied owing to the conditions existing at the time. They had to carry on the State trading concerns because they could not do otherwise. Mr. Craig seems to confuse national insurance with workers' compensation. During the time I was in another place there was brought down a Bill which, to all intents and purposes, made workers' compensation a national insurance, whereby an injured man walked into a Government office where, if he could prove his injury, he was paid, after which the State saw to it that the man's employer paid the necessary contribution to the fund. That Bill, unfortunately, was defeated. I am decidedly in favour of the Third Schedule of the Workers' Compensation Act being taken out of that Act and a fund created to be looked after by the Government, and provided for by the industries concerned.

Hon. G. Fraser: What is that but State insurance?

Hon. H. S. W. PARKER: No, it is not; it is entirely different. When one industry pays for the peculiar diseases arising from that industry, the money is not paid into the State Treasury, but into a special fund. In those circumstances, it was asked where was the huge reserve, and the Minister, by interjection, said he would explain in Com-

mittee. But why could not he have told us then? Of course, moneys in Government hands evolve into Government bonds. This Act is said to be for the purpose of relieving us of taxation, but actually it will increase the burden of taxation. All money that goes into the private companies at present is taxed, income tax and so on, but if the State Insurance Office is to flourish, all that will be cut out, and the revenue which the Government now get from private insurance companies will no longer be available. Apart altogether from rates and taxes, if the State Insurance Office becomes legally established, presumably it will go ahead. I do not suggest that it will be anything but well patronised, for it is well patronised now as an institution without the force of law. Lots of people like to have things backed by the Government; they do not realise that already the private companies have to be backed by the Government, in that they have to deposit a large sum with the Government. The ultimate end will be that we shall have State insurance offices all over the country, and not paying rates and taxes, whereas rates and taxes will have to be paid by the private companies. That position, of course, applies to all State trading concerns. There are many reasons I could give for opposing the State Insurance Office, but perhaps it will not be necessary to detain the House for that purpose, as if, by chance, the Bill reaches the Committee stage, I shall have a further opportunity of speaking.

HON. G. B. WOOD (East) [5.52]: Generally speaking, I am against State trading concerns, except those that are necessary evils, such as the State steamers and the railways. This State insurance also I look upon as a necessary evil. Mr. Parker said he was in favour of certain State instrumentalities, such as railways, or enterprises that none but the Government would take on. There are certain phases of insurance that only the Government will take on, such as the Third Schedule of the Workers' Compensation Act, the risks of which the private insurance companies refuse to accept. I was surprised at Mr. Baxter opposing the Bill, because his Government condoned the State Insurance Office. Mr. Parker said there was a lot of competition amongst the private insurance companies. I do not hold with that, because only two of those companies are outside the tariff companies. It seems extraordinary to me that

this State Insurance Office has been going on for 10 years and still has no legal status. I maintain that if it is good enough to be carried on for 10 years, it is time it was given legal status. I will support the second reading, but in Committee I will attempt to put a small amendment in the Bill.

On motion by Hon. E. M. Heenan, debate adjourned.

BILL—STATE TRANSPORT CO-ORDINATION ACT AMENDMENT (No. 3).

Second Reading.

Debate resumed from the 14th October.

THE CHIEF SECRETARY (Hon. W. H. Kitson—West) [5.55]: A remark was passed on the previous Bill that it was becoming a bardy annual. I think almost the same remark could be directed to this Bill brought down by Mr. Thomson.

Hon. A. Thomson: This is only the second time.

THE CHIEF SECRETARY: As on the previous occasion, I find it necessary to oppose the proposals contained in the Bill. The measure is similar to that which the hon. member introduced last session, which was amended in this House, but which did not get through another place. If we agree to this measure and it becomes law, it will have the effect of undermining the Transport Co-ordination Act, and will simply undo any good that has resulted from the operations of that Act. Therefore I look at it from a very serious point of view, and would suggest to members, particularly those who were not members when the Transport Co-ordination Act became law, that they should take into consideration the reasons that actuated the Government in bringing down that measure. In order that they should have a proper understanding of the Act which the Bill seeks to amend, I point out that the board constituted by that Act has to consist of three members, one of whom shall be a Government official, one representing rural industries, and one representing city interests, but none of whom shall be financially interested in any form of transport service or contract. The Act also provides that the members of the board shall be persons who, in the opinion of the Governor, shall be capable of assessing the

financial and economic effects on the State as a whole of any transport policy.

Hon. A. Thomson: But they did not carry that out.

THE CHIEF SECRETARY: The hon. member, in moving the second reading, pointed out that the Act provides that the board shall make their report to the Minister. Yet he said that, to his astonishment he found that certain licenses applied for had been refused by the board, but that the board did not make a report to the Minister. The hon. member overlooked the fact that the Act gives the board power to grant or refuse licenses without any reference at all to the Minister. So, when he complained of that, I think he must have been under a misapprehension, for the statement I have just made shows that there is no support for the Bill before the House to be drawn from the hon. member's statement. The Bill contains three specific amendments of the Act. The first is to extend the radius of 15 miles, as provided by the Act both in the metropolitan area and in country districts, to a radius of 30 miles, wherein it shall be unnecessary for the holder of a commercial goods vehicle license to apply for another license. I submit that it would not matter what the radius might be, one would always find some person just outside the radius who would be desirous of being included within the radius. The hon. member, in support of his amendment, read out certain letters which he had received from people whose names he did not give—it would have been most interesting had he given those names—to show that those people were inconvenienced by the radius being 15 miles instead of 30 miles. Then he went further and quoted a number of places where those particular people who wrote to him were desirous of sending their delivery vans without having to get a special permit or license. As a matter of fact all the places he mentioned have been served by persons who have applied to the Transport Board and who have been given special permits or licenses for the purpose of serving the particular districts. So it seems to me, in view of the fact that Parliament, two years ago, after a very long debate, agreed to 15 miles as a fair radius, and that the Transport Board made it possible for people who are desirous of serving those districts to do so, we should not at this stage alter the radius of 15 miles to 30 miles.

The hon. member must know that that 15 miles is the radius from the person's place of business. It applies to Katanning, as the hon. member knows so well, and any person in Katanning has had the liberty to use his vehicle for the transport of goods within the 15 mile radius.

Hon. A. Thomson: A man at Fremantle cannot send goods to Midland Junction.

The CHIEF SECRETARY: The restriction, of course, applies to Fremantle as well as to any other part of Western Australia. If the radius is to be 15 miles it should apply to Fremantle as much as to Perth, Katanning, or any other district. So far as I can make out the people in Fremantle are just as well satisfied with the 15 miles as they would be if it were 25 miles or 30 miles, so long as everybody has to comply with the same conditions. The Transport Board, too, in connection with this question of issuing licenses, have informed me that while there is no appeal, as was pointed out by the hon. member, they are always prepared to listen to any representations made to them and to reconsider their decision if any fresh information can be given to them.

Hon. A. Thomson: They have not done that so far as Kojonup is concerned.

The CHIEF SECRETARY: If the hon. member will wait a little, I will show him where they have done so. I referred this question to the Transport Board, and they have supplied me with certain information, and a copy of their report presented to the Minister dealing with their operations to the end of June, 1935. The matters which the hon. member has raised on this occasion are the same matters he raised at that time. To show that the Transport Board have dealt with them, I propose to quote from their report. I am not going to quote all of it. Members can read it for themselves. On page 5 of the report appears the following:—

Settlers and traders in one district in particular, however, namely Kojonup, have repeatedly voiced protests against the cessation of road transport to and from the metropolitan area, but a complete investigation of the circumstances proves that the objections put forward do not justify the duplication of services in that area. Further, as a result of the serious misrepresentations which have been made by those who claimed to speak for the district from time to time, the board feels itself bound to draw attention to the statements made in endeavouring to support their alleged claims. Section 36 of the Act provides that before granting or refusing to grant any license for

a commercial goods vehicle, the board shall take into consideration (a) the necessity for the services proposed to be provided and the convenience which would be afforded to the public by the provision of such service.

Hon. A. Thomson: Are you reading this year's report?

The CHIEF SECRETARY: I am reading the Transport Board's report for the year ended the 30th June, 1935.

Hon. A. Thomson: We are looking at the 1936 report.

The CHIEF SECRETARY: I am coming to that. I am endeavouring to show that the representations made by Mr. Thomson to-day are just the same as the representations made on a former occasion, when the Transport Board arrived at their decision, and submitted their report to the Minister, which the hon. member inferred they did not submit.

Hon. A. Thomson interjected.

The PRESIDENT: Order! The hon. member will have an opportunity of replying to the Minister later.

The CHIEF SECRETARY: Continuing the report of the Board concerning the provisions of Section 36 of the Act. The report goes on to point out that before granting or refusing to grant a license the Board shall take into consideration—

(b) the existing transportation service for the carriage of goods upon the routes or within the area proposed to be served in relation to—(i) its present adequacy and possibilities for improvement to meet all reasonable public demands; (ii) the effect upon such existing service of the services proposed to be provided.

The report continues—

When an application was made for a license to convey general goods between Perth and the Kojonup district, the board necessarily gave consideration to the provisions of the Act, and, having done so, refused to issue the license applied for. In June, 1934, the Kojonup Road Board expressed the opinion that the license should not have been refused, and subsequently deputations waited upon the board, and gave reasons why the decision of the board should be considered. All these representations received very careful consideration, with the result that those concerned were advised, for reasons that were given, that the board declined to alter its decision.

Then follow certain particulars with regard to the distance from Kojonup to Perth, and certain rates per ton, etc., which I do not propose to read at this moment. On page 7 occurs the following:—

On the 24th April, 1935, Mr. Stubbs, M.L.A., and the hon. Mr. Thomson, M.L.C., together

with Mr. Honner, chairman of the Road Board, and Messrs. Benn and Partridge, members, waited upon the Minister and said that in their opinion the decision of the board should be reversed, and that the board should be required to license motor trucks to carry all classes of goods to and from the Kojonup district. The hon. Mr. Thomson said that it seemed to him that the action of the board had been to impose disabilities upon the country districts, and not one had been imposed on the metropolitan area, and he made the challenge that "not one service that was running prior to the inception of the Transport Board had been eliminated as far as the metropolitan area was concerned, but when it came to the country districts it had meant that the whole of the country districts had suffered."

In reply to that, the Transport Board in paragraph 41 on page 7 states—

Section 33 of the State Transport Co-ordination Act provides that the board has no jurisdiction whatever in respect to licensing vehicles which operate solely in the area within a radius of 15 miles from the General Post Office, Perth, or which operates solely within a radius of 15 miles of the business place of the owner. It thus follows that if the place of the business of the owner of a vehicle is Kojonup he, in common with the owner of a vehicle which operates within the metropolitan area, has equal rights.

Hon. A. Thomson: You cannot convince the people in the country that they have equal rights.

The CHIEF SECRETARY: Those are the facts, and nothing that the member has said so far, and nothing he can say, can get us away from those facts. I do not propose to quote further from the report. The report is there for members to read. There are three pages altogether dealing with that question, and to my way of thinking the Transport Board on that occasion put up a case which Mr. Thomson has not been able to break down. In the present Bill, as in a previous Bill, the hon. member desires to amend the Act to provide that where a license is refused, not only shall the owner of a vehicle have the right to appeal, but that any other person shall have the right to appeal to a resident magistrate if he does not agree with the decision of the board. The Bill provides that—

Any owner of a commercial goods vehicle or any other person feeling aggrieved by any decision of the board refusing or varying the application or attaching any terms or conditions to a license granted by the board on such application, may appeal to the resident magistrate in whose magisterial district is situate or principally situate the area or route which shall be served by the service, or the proposed service.

As I asked when the previous Bill was before this House, what would this lead to; how many vexatious actions would it be responsible for? It can readily be understood that if a person or a number of persons in a particular district are desirous that a certain individual shall be allowed to carry their goods to town, or to convey goods from the town to their place, they will be dissatisfied if application for a license is made and refused. But have we not to take into consideration the effect the granting of a license would have not merely on that particular area, but on the whole transport services of this State? The board have given a great deal of consideration and time to this question of co-ordinating transport throughout the State, and they are experts to-day, being in a position to say whether a service is really warranted or not, whether it will be detrimental to other services operating in the district concerned, and whether it is absolutely necessary that there should be any additional service such as might be asked by the person seeking a license. It would not be fair to give to disgruntled persons or to individuals whose personal requirements might be suited if a license were granted, irrespective of the rights of a community as a whole, such consideration as is proposed in the Bill. The member goes a little further and says that not only shall every individual have the right to appeal to a magistrate, but that a local authority shall have the same right. Members can quite easily understand what would happen in some places. Naturally members of road boards are desirous that their own particular district should have all the facilities that it is possible for them to have, in many cases even, I am afraid, at the expense of other districts or of the State. If a refusal of a license were made to an individual who carried a little weight, there would be no difficulty whatever in getting the local authority to appeal to the magistrate, and the magistrate might be influenced to grant a license which the board had refused. That is a state of affairs which this House cannot tolerate.

Sitting suspended from 6.15 to 7.30 p.m.

The CHIEF SECRETARY: Before tea I was endeavouring to show that if there was an amendment of the Act in connection with appeals it would undermine the authority which had been given by Parliament to the board, and that in the event of appeals being

heard by a magistrate, as suggested in the Bill, he would be called upon to give a decision on specific cases which might have the effect of interfering very materially with the policy of the board, that being a State-wise policy.

Hon. A. Thomson: Even if it seriously injures the individual?

The CHIEF SECRETARY: Certainly. Some individuals would be rather seriously affected by any alteration in the Transport Co-ordination Act. It is recognised that some people who acquired licenses prior to the Act, and were deprived of the right to run their vehicles after the Act came into operation, did suffer in several ways, particularly financially. That was necessary in the interests of the State. It was the low freight rates on our railway system, particularly the freights on primary products, which necessitated the introduction of the Act. Road transport has developed to such an extent that it was picking the eyes out of the transport work that was offering. Carriers were prepared only to convey that class of freight which bore the high rates. The Act was brought into force, and as a result of the operations of the board we find that the activities of the railway system have improved considerably, and I think, generally speaking, throughout the State there is satisfaction over the operations of the board. After Mr. Thomson introduced the Bill it was referred to the Railway Department, as well as to the Transport Board. Certain facts have been submitted to me, and I propose to pass these on to the House. They are very illuminating facts, and show conclusively that there was necessity for the Act, and that as a result of its operations the producers have received a very definite benefit. True, certain individuals who own motor trucks have been deprived of the opportunity to earn the money they were earning prior to the introduction of the Act. The last amendment submitted in Mr. Thomson's Bill is to amend paragraph 3 of the first schedule of the principal Act by inserting after the word "wheat" in line two the words "or wool." If I remember rightly, we had a long debate on this particular amendment when the original legislation was before the House. Wool is one of those commodities which motor truck owners were certainly only too pleased to convey, either from the farms or the country districts to the city or any other place, partly because it was

easily handled, and a very good price could be obtained for the work done. In supporting the amendment, Mr. Thomson quoted the case of the individual farmer who, if allowed to transport his own wool to the city and take back with him a load of petrol or kerosene—another of the freights which are paid for at high rates—would be able to save a considerable sum. The question arises, how often would the farmer want to do that? Very few farmers, small or mixed farmers particularly, would produce more than a ton or two of wool each year, and very few would be in a position to transport back to the farm two tons of petrol or kerosene. Certainly there are not many such farmers in the district to which Mr. Thomson referred. On this point the Railway Department offer some illuminating remarks. They first point out that if there had been no State Transport Co-ordination Act it is very problematical whether the railways could continue to function on the freight rates paid at present on wheat, super and the like. They point out that since the Act came into operation no less a sum than £100,000 per annum has been granted to the users of the railways by way of reduced freights. I was rather surprised to know that that was the amount.

Hon. A. Thomson: Since when?

The CHIEF SECRETARY: Since the introduction of the Act.

Hon. A. Thomson: On what classes of goods?

The CHIEF SECRETARY: On all classes. Country people, particularly the farmers, are getting the benefit of that reduction. That sum has been rebated in the shape of reduced transport costs on commodities which found most favour with the road carrier. This is the class of goods which carries such a high rate of freight, and all sections of the community have benefited from the relief. I am also advised that the railway receipts from the carriage of last year's wool totalled £85,000, or £15,000 less than the total amount which has been rebated each year by the railways since the introduction of the Act. The department go on to point out that out of the 2,800,000 tons of paying goods which were transported over the Government railways during 1935-36, over 85 per cent. was carried at rates lower than Class A rates. A further five per cent. was carried at wool rates or less. In order that I might supply a little more information in

regard to these rates I have been furnished with a list giving the full range of railway rates from Gnowangerup, 288 miles from Fremantle, and Kojonup 231 miles from Fremantle as follows:—

	From Gnowangerup.		From Kojonup.	
	Per ton	Per ton per mile.	Per ton	Per ton per mile.
Manure ...	s. d.		s. d.	
Firewood ...	8 0	·33	8 10	·35
Miscellaneous ...	16 1	·67	13 9	·71
Special grain (wheat) ...	20 7	·86	17 8	·92
Grain, (oats, chaff, etc.) ...	18 5	·73	15 2	·70
"A" class ...	22 11	·99	19 1	1·00
"B" class ...	36 10	1·5	31 10	1·65
"C" class ...	51 0	2·12	44 1	2·29
Wool ...	64 5	2·65	55 5	2·88
1st class ...	71 9	3·00	63 4	3·20
2nd class ...	104 2	4·34	88 0	4·57
	136 6	5·89	115 4	6·00

The department point out that wool is a seasonal traffic, and that possibly while it lasts the small grower, by back loading with petrol, kerosene or other commodities in the higher railway traffic, could save some small amount in transport costs, but they ask, would he make the same journey with wheat and return with super? It is no use Mr. Thomson saying we should not take that into consideration. It is the basis on which we have to work. Were it not for the very low freights which are ruling on wheat and super, I venture to say that our wheat farmers, our mixed farmers, could not carry on for very long. The railways point out that if a farmer were to carry two tons of wheat say from Gnowangerup to the metropolitan area—

Hon. A. Thomson: They would carry their wheat to the nearest mill.

The CHIEF SECRETARY: And return with two tons of super, he would save £2 12s. 10d. Would the farmer be prepared to travel 500 miles with his own truck to save that sum in freight?

Hon. A. Thomson: Let him save it if he can.

The CHIEF SECRETARY: Whilst the farmers produce probably twenty times as much wheat in weight as is produced in wool, it would be ridiculous if it were agreed that because wool is such a good paying proposition from the point of view of the carrier, or for the individual farmer who wants to convey it by road, the railways should be prepared to carry not only the larger quantity of wheat and super at the rate at which

they are carrying them to-day, but carry wool at the same rate. I am also advised that from the 15 per cent. of traffic that they carried at Class A rates or higher, the railways received nearly 50 per cent. of their total goods revenue. That is a rather important point because, without that traffic, the average receipts from goods traffic—actually 1.72d. per ton per mile—would have been 1.15d. per ton per mile only, in consequence of which the railway position would have been much worse than it is to-day. There is quite a lot of information I could present to members, but I do not think I need say any more. First of all, we have to recognise that the necessity for the State Transport Co-ordination Act arose from the fact that the State railways had been used for the purpose of assisting primary producers with low freight rates in respect of wheat, super, and so forth. When road transport developed to such an extent that those concerned were able to carry a material percentage of the higher rated goods, it became almost impossible for the railways to carry on without an increase in the lower freight rates. In consequence, we should hesitate before agreeing to that particular amendment, which is included in the Bill. As to the other amendment, I feel sure the House on this occasion will be with me in agreeing that it would be positively dangerous to give the right of appeal to any person who might feel aggrieved, or even to give a local authority the right of appeal. I feel sure members will adopt that attitude on the ground that it would interfere materially with what is a State-wide policy introduced by the Transport Board as a result of their study of the problem from a State-wide point of view, and not from the point of view of any particular individual or district. I hope the Bill will not meet with the approval of the House.

HON. J. J. HOLMES (North) [7.48]: I shall be brief, but I do not desire to cast a silent vote on this subject. The question has been thrashed out previously, and I could go over the same ground only to arrive at the same point. I sympathise with Mr. Thomson. He has made out a case for Kojonup, but we have to consider that our task is to protect the assets of the State and to remember that we have an enormous amount of money locked up in our railways, much more than we should have. I am afraid that Mr. Thomson and

his fellow Country Party members have been instrumental in advocating the construction of railways that should not have been built. Had some of those railways not been constructed, the probability is that the State Transport Co-ordination Act would not have been necessary. Some of those who advocated the construction of agricultural railways, and through whose efforts some were built, have not quite played the game. Had they done so, the State Transport Co-ordination Act would not have been enacted. When we have regard to the capital locked up in our State railways, we can realise that the farmers desired the railways to convey their wheat and super at very low rates, whereas they sought to have all their payable goods transported by those who owned motor trucks. They desired those higher-classed goods to be conveyed by motor at cheaper rates than the railways could afford to levy. Thus the producers brought the trouble upon themselves. As regards the suggestion that resident magistrates should have power to do what Parliament said in its wisdom should not be permitted, namely, that magistrates in various parts of the State should not be permitted to give differential decisions on this all-important matter, I am afraid that, bad and all as the present position is, under such conditions as the hon. member proposes confusion would be worse confounded. Having arrived at that conclusion, and believing that Parliament was wise in giving the Transport Board power to control this traffic, I intend to vote against the second reading of the Bill.

HON. J. M. MACFARLANE (Metropolitan-Suburban) [7.50]: I do not intend to take part in a full-dress discussion on the Transport Co-ordination Act, but, in fairness to Mr. Thomson and myself, it is right that I should say I do not intend to support the Bill, and to give some explanation of my attitude. I am in entire accord with most of the sentiments expressed, and I am satisfied it is only because of the responsibility we have to protect the State's assets that we can give full support to the provisions of the State Transport Co-ordination Act. With Mr. Holmes, I am also satisfied that we and Country Party representatives, to a considerable extent, are responsible for the position that

has arisen because of the advocacy of railways to provide services that could not be supported when they were built. As to Kojonup, I am satisfied that the district should receive special consideration at the hands of the Transport Board. The railways do not adequately serve that district, which is so much nearer to Perth by road than by rail. I am convinced that road transport is beginning to serve the interests of the State better than the railways ever will in some districts. I believe that the development of road transport will be such that wheat and super will be carried profitably by road, and that improved transport methods will be developed because of the provision of better-class roads and the advent of the improved internal combustion engine. I am with the Minister in this instance, because I believe we have to protect the interests of the State railways. If we were to give way now on the points raised by Mr. Thomson, we would merely knock out the pins that support the Act at the present juncture. For these reasons, I shall oppose the second reading of the Bill.

HON. J. NICHOLSON (Metropolitan) [7.54]: In opposing the Bill, the Chief Secretary advanced a number of strong arguments against the two main points embodied in the Bill. I refer to the right of appeal and the extension of the schedule to include wool. I am naturally concerned about the point raised by Mr. Thomson in the Bill whereby he seeks to enlarge the radius of the area within which the delivery of goods may be made to customers and others by road. It is proposed in the Bill to extend that radius from 15 miles to 30 miles. The more I consider that proposal, the more I am impressed by its reasonableness. There is much to be said in support of it. There may be some arguments on the other two subjects contained in the Bill that Mr. Thomson will be able to adduce more effectively than I can particularly with regard to the interests of Kojonup, and I will leave myself an open mind in that respect. Regarding the extension of the radius, I would remind hon. members that the Chief Secretary pointed out, when reading extracts from the 1935 report of the Transport Board, that even at the present time the board has no jurisdiction beyond a 15-mile limit. What does Mr. Thomson seek to do? Nothing more than to give

the board the very jurisdiction that it is admitted, in the 1935 report, is not possessed by the board. Surely the proposal is most reasonable. When one realises the expansion that is taking place with regard to settlement and the inclination that is manifest by people to take up residence at some distance from the city, we must also recognise that the Act imposes restrictions upon them, and tends to keep people within a confined area, which I regard as bad. It may be suggested that we must support the interests of the railways above all others. Are not our roads and our railways for the use of the people? If not, then for what purpose are they made available? Surely the facilities that are provided can be used by us, within reason, for our ordinary comfort and convenience? I admit that certain restrictions must be imposed, but surely it is only fair that the privilege should be extended to those residing 30 miles away from the town.

Hon. J. J. Holmes: Would not the man residing 31 miles away still have a grievance?

Hon. J. NICHOLSON: There must be some limit.

Hon. J. M. Macfarlane: Would you have that 30 miles from Katanning and other towns?

Hon. J. NICHOLSON: I agree, but one has only to look at areas 30 miles or so from Perth to recognise that many people are taking up blocks in those outer areas because of the improved methods of transport available nowadays. People are inclined to take up residence away from the city areas, and many do not mind a run of 30 miles or more every day. Because those people take up blocks beyond the limit of 15 miles, they are placed at a disadvantage when it comes to a question of the delivery of goods. That is a disadvantage in many ways. It is a disadvantage to the people in all those areas lying outside that radius; it is a hindrance to settlement in those areas. If I order certain goods on Thursday or Friday knowing there is a delivery conveyance going from the shop in the required direction, why should not I have the goods forwarded by that conveyance on the following day? But no; I would be told that because I was beyond the 15-mile limit, it was necessary for the suppliers on my behalf to send the goods by railway.

Hon. T. Moore: Can you give an instance of that difficulty?

The Chief Secretary: An arrangement might be made in those circumstances.

Hon. J. NICHOLSON: A special permit would be necessary before that limit could be exceeded.

Hon. A. Thomson: For which the carrier would have to pay 5s.

Hon. J. NICHOLSON: Yes, on payment of an extra charge. We should increase the radius. Thirty miles, as suggested in the Bill, would be quite reasonable.

Hon. J. M. Macfarlane: Would not the man living 50 miles away object to a limit of 30 miles?

Hon. J. NICHOLSON: He would realise that some limit must be imposed. We cannot extend the radius unreasonably, but the proposal in the Bill is within the bounds of reason.

Hon. E. H. H. Hall: Why was it made 15 miles?

Hon. J. NICHOLSON: I consider that 15 miles is too little.

Hon. A. Thomson: We tried to get it increased at the time.

Hon. J. NICHOLSON: Yes. Bearing in mind the difficulties and inconvenience to which people in such districts are subjected, further consideration should be given to the matter. If it be deemed necessary to alter the other provisions of the Bill, amendments can be moved in Committee. I shall support the second reading to permit of further consideration being given to the matter.

HON. G. B. WOOD (East) [8.3]: I support the second reading. The Bill contains some very desirable amendments, one in particular being the provision for an appeal to a magistrate. Those who have appeared before the Transport Board know how hard the members of that body can be. One man who approached the board for some concession said that, judging by the questions fired at him, anyone would think that he had committed a crime. I am glad that we have evidence of sympathy from the city as revealed by the speech of Mr. Nicholson. It is reassuring that he realises the difficulties under which people in the country are labouring, particularly those people who live at long distances by railway and short distances by road. Apart from Kojonup, there are various places

which would be benefited. Surely the railways should win out in competition with road transport!

Member: They have no chance.

Hon. G. B. WOOD: They have every chance. The people of the country should not be blamed for the over-capitalisation of the railway system. We have heard some references to the Country Party and to the building of railways. The Kojonup railway was constructed before the Country Party were in existence.

Hon. A. Thomson: That is true.

Hon. G. B. WOOD: Therefore the blame should not be laid at the door of the Country Party for the building of that railway. The same applies to the construction of other lines. We have been told that carriers using the roads will not transport super. That is an old tale and it is time it was forgotten. I have an offer by a contract carter to cart my barley to the malting works and backload with super. That is an answer to the contention that road carriers will not take super.

Hon. J. J. Holmes: At what rates?

Hon. G. B. WOOD: The equivalent of railway freights. I can give the name of the man who has made the offer. It is Mr. Anderson, of Northam, who is running a co-operative truck owned by 20 farmers, of whom I am one. I hope that in Committee Mr. Thomson will approve of an amendment to insert "honey" after "wheat."

HON. E. H. H. HALL (Central) [8.7]: I support the second reading. I admit that Parliament was compelled to do something to conserve the huge amount of capital that Mr. Holmes frequently reminds us has been invested in our railways. There was no alternative; we had to protect the State against the unfair competition to which the railways were subjected. In the main I agree with the remarks of the Chief Secretary regarding the results that have followed the passing of the Act, and the manner in which the members of the Transport Board have discharged their duties. Unlike other members, especially Mr. Wood, I have pleasure in testifying to the courteous reception given me on the one occasion when I appeared before the board. The request submitted was reasonable and was backed by irrefutable evidence, and was granted. For many years in the Yuna district a truck

owned not co-operatively but by a private contractor carried goods to the farmers' doors at the same rate as was charged by the Railway Department for delivering goods at the siding. I was connected with a business which had a large country trade at the time and received serious complaints that, when farmers could not take delivery of their goods at the siding immediately on arrival, something was often missing. It was a great boon to those people to have the truck to deliver their goods, especially such commodities as bacon and butter. Mr. Holmes will agree with me when I say that we want to make conditions as easy as possible for people in the country. We want to remove every possible difficulty that confronts people going out into the country to produce something. If there are other centres situated as is Kojonup—

Hon. V. Hamersley: Any number of them.

Hon. E. H. H. HALL: There are some up my way.

Hon. T. Moore: Where?

Hon. E. H. H. HALL: Even if there were no other centre so situated, why should not the members of the Transport Board act as reasonable men and listen to the propositions submitted? Why should they continue to impose hardships even upon the people of one district? The Chief Secretary reminded us that the board consisted of three members, one representing the Government, one representing the interests of the city people, and one representing the interests of the country people. I object to the constitution of many such boards. By whom were the members of the Transport Board appointed? I have nothing to say against the representative of country interests, Mr. T. H. Bath. Although he is an ex-Labour Minister, I have the greatest regard for him and would find it difficult to believe anything derogatory of him. I believe he commands the respect of everybody. Mr. Hawkins, the representative of city interests, I do not know. The three members were appointed by the Government and therein lies a weakness. I am informed that Gnowangerup is situated 288 miles by rail from Perth, and that the cost of transporting a ton of wool to Perth is £3 11s. 9d. A grower who sends his wool by rail from Geraldton over the Midland line, a distance of 306 miles, pays £2 10s. This shows the benefit of a little competition, and it also

shows that the people in question are entitled to consideration. Though parliamentary action was necessary to conserve the interests of the railways, the passing of the measure has resulted in the expectations of the Government being more than realised. That being so, why cannot we extend a little consideration to the people in the few isolated districts, and thus endeavour to give satisfaction to everybody?

On motion by Hon. V. Hamersley, debate adjourned.

House adjourned at 8.13 p.m.

Legislative Assembly.

Tuesday, 20th October, 1936.

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

QUESTION—STATE TRANSPORT BOARD.

Claremont-Nedlands Facilities.

Mr. NORTH asked the Minister for Works: In view of the fact that a considerable time must elapse before the people of Claremont and Nedlands enjoy the facilities promised by the provision of trolley buses, will he inform the House whether he has any objection to, or has placed any obstacle

in the way of, the State Transport Board lifting the restrictions in force against the use of buses, parlour cars, and taxis along the tram route?

The MINISTER FOR WORKS replied: The restrictions referred to have been in force for many years, and they can only be varied or removed by the Transport Board.

QUESTION—EDUCATION, SCHOOL AGE.

Mr. NORTH asked the Minister for Education: 1, Has the question of raising the school age to 16 years received attention? 2, Has he any information as to whether in those States of the United States of America, where the school-leaving age is 16, State subsidies are paid to parents on the lower grade of income?

The MINISTER FOR EDUCATION replied: 1, Yes. 2, We have knowledge of this question in other countries but have no information from the United States.

BILL—ELECTORAL ACT AMENDMENT.

Read a third time, and transmitted to the Council.

BILL—LAND TAX AND INCOME TAX.

Second Reading.

THE PREMIER (Hon. J. C. Willcock—Geraldton) [4.35] in moving the second reading said: This Bill is the measure annually introduced for the purpose of imposing land tax and income tax. As already announced when the Budget was introduced, it is not proposed to alter the rates of these taxes, which will be the same this year as for last year and for several years past. The receipts last year were—land tax £117,682, income tax £272,984. It is not anticipated that there will be this year any great variation from the amounts received last year, and the estimates therefore are—land tax £116,000, income tax £270,000.

Mr. Stubbs: You are an optimist.

The PREMIER: I do not think there will be much difference; we did not have an exceptionally good time last year. There are two small alterations proposed in that part of the Bill which exempts from land tax land that is used for agricultural, horticultural