

Order," and things of that sort. There has been a change in the subjects discussed, and now that questions like education are raised, they are not even there to listen to the discussion. All stay at home. We are now getting a new class of promise on the hustings. The manner in which the power of the public is being used to force public life back to the direction in which the public wish it to go was exemplified during the Federal election campaign, when we were promised economic security. We were told, too, that man was a most valuable possession in Australia, that the human family was a most valuable asset. That is the attitude we need to adopt when considering the Education Vote. If only we could have saved that 150 years of roundabout discussion of unimportant questions and come to the question of economic security long ago, we should not to-day be surrounded with world problems to which one's attention is drawn by a consideration of this Vote, through which we find that the teachers are being told, and are telling their children, not to think or talk war. The real problem has always been economic security and that realisation has now been forced upon Parliament. Parliaments have come to realise that it is the main question by means of the fact that the public themselves, by staying away from political meetings, have forced us to their view. I trust that educational authorities in the future will be able to handle far more valuable problems than have been handled, as a result of the establishment of economic security whereby Ministers will be able to spend the necessary money to provide needed reforms, and that the children will have in their bodies the strength to enable them to absorb the lessons they are there to learn. Thus the time will come when they will feel, if they are called upon, as is now the case, to bomb babies, that they have a better objective in life.

Progress reported.

House adjourned at 10.11 p.m.

Legislative Council,

Wednesday, 10th November, 1937.

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

BILL—ANNIVERSARY OF THE BIRTHDAY OF THE REIGNING SOVEREIGN.

Third Reading.

Read a third time and returned to the Assembly with amendments.

BILL—FINANCIAL EMERGENCY TAX ASSESSMENT ACT AMENDMENT.

Second Reading.

Debate resumed from the previous day.

HON. H. TUCKEY (South-West) [4.38]:

This Bill is connected with the legislation that was brought down to assist the State over a very serious depression. Now that the conditions are practically back to normal, I hope that within the next two or three years it may be possible to do away with the tax altogether. In some quarters it is considered that the tax will never be abolished. I ask the people who subscribe to that belief if they are looking forward to a new, similar tax when the next depression comes along. I agree that in many respects the Government has done its best for the State, but that we must look ahead so that we may be prepared for the future. It is surprising that there are not more protests against the present system of relief work. In nearly every rural district there is a shortage of labour. Yet to-day we are told there are 6,000 men on sustenance. As a State matter the position is becoming very serious. The system not only contributes to the necessity for the financial emergency tax, but it destroys the initiative and enterprise of numbers of men. Farmers have offered up

to 10s. per day and keep for casual labour, but men will not leave their relief work. It is a difficult problem for the Government, but sooner or later the position will have to be faced. The Bill exempts workers on the basic wage, but I am more concerned with the men who do not receive that wage. Surely if a man is in receipt of the basic wage he should bear some small responsibility under an emergency measure of this kind. The tax should begin at some fixed amount at about, say, £3 10s. It is entirely wrong that the basic wage should be the starting-off point, because in some cases that may be up to £5 or even more. Also it is entirely wrong that one section of the people alone should bear this enormous tax, which is largely to assist men who are out of work. I am also opposed to the clause providing that the employer should be responsible for the payment of rates due by the employee. This means doing the work of the Taxation Department, and employers to-day have quite sufficient to do without having to assume that responsibility. I will oppose those two clauses as they stand, but in the meantime I will support the second reading.

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

BILL—STATE GOVERNMENT INSURANCE OFFICE.

Second Reading.

Debate resumed from the previous day.

HON. C. G. ELLIOTT (North-East) [4.41]: My intention is to support the second reading of the Bill. I do not propose to go into the history of the State Insurance Office other than to say that I consider the Government of the day were fully justified in inaugurating that office. Further than that, I am quite sure that any other political party who were in charge of the government of the State would carry on the functions of the State Insurance Office. That being so, to my mind it seems illogical to oppose the second reading of the Bill. The protection of mine workers against accidents or the contraction of silicosis as the result of their work in the mining industry is surely worthy of very great consideration. Because the State Insurance Office has not been legalised by Parliament, many cases of extreme harshness and suffering have been experienced by the employees in the mining industry on ac-

count of the failure of the employer to have his employees insured. Take for instance the case of an employee who meets with an accident at his work. He finds when he applies for compensation that his employer has failed to have him insured under the provisions of the Workers' Compensation Act.

Hon. L. B. Bolton: That has not often happened.

Hon. C. G. ELLIOTT: The State Insurance Office has not been legalised. The employee is then advised by the State Insurance Office to seek redress from his employer. Again he finds that the company his employer is representing is in a state of financial impoverishment, and is therefore unable to meet the compensation claim. As the company is not worth powder and shot, there the matter ends. The result is that in many cases to a greater or lesser degree the employee is perhaps crippled for life, whilst on the other hand the employer, who has committed what may be termed an act of gross criminal negligence, gets off scot free. I am rather sorry to state that the chief offenders in cases of this kind are invariably local or Eastern States mining companies. The English or foreign companies, he it said to their credit, never fail to attend to this important matter. Last evening when Mr. Baxter was speaking against the second reading of the Bill he made several apt quotations from the report of the select committee. Obviously, of course, he made quotations favourable to his argument. I have no complaint in respect to this, other than to say that quotations of this kind do not as a rule tell the whole story. With the permission of the House I would like to make a few quotations myself from the report of the select committee. Bearing on the question of the liability of the State Insurance Office under the Workers' Compensation Act I will read question No. 1215 and the answer given by the Government Actuary (Mr. Bennett).

Has the State Insurance Office received any direct contribution from State revenue since it started?—Not a penny.

Question 1216 and the answer thereto are as follows:—

Has it been relieved of any obligation which it otherwise would have suffered, by reason of the State paying the obligations to the persons concerned?—A claimant had the option at one stage of claiming under the Miners' Phthisis Act or under the Workers' Compensation Act. The scale of benefits under the Miners' Phthisis Act was rather better than that under the Workers' Compensation Act and so he exercised

his option and claimed under the Miners' Phthisis Act. But any burden of that description of which the State Insurance Office was relieved has been or is being paid back to the Treasury by this amount of £25,000 per annum which is taken by the Treasury.

Question 1221 and the answer are as follows:—

Certain reserve funds have been mentioned in evidence by a previous witness, something in the vicinity of £300,000, some in Commonwealth bonds and some in Treasury bonds. Is there any possibility that the amount of the obligation to the Treasury, the total of which you do not know, is likely to be as great as the amount which is now in your reserve fund?—I do not think so.

Question 1226 deals with the Auditor General's Report. The witness was asked the following question:—

You are as much mystified by the Auditor General's Report as I am?

Mr. Bennett answered—

Yes, and this is not the first time.

Question No. 1415 was asked of the Assistant Under Treasurer, Mr. A. J. Reid. The answer is important and interesting. The question and answer were—

In evidence given in the early part of the inquiry it was ascertained that there was an amount of something over £300,000 which the Government Actuary regarded in the nature of a reserve fund, rather than a profit in connection with the insurance business. Of that amount, £105,000 was invested in Commonwealth securities, and the balance was in the Treasury and was not invested. We were anxious to ascertain if there were any reasons why that money was not invested, and what the reasons were?—According to the Treasury books, as at the end of August the amount in the State Insurance fund, whether reserve or otherwise we do not know, was £402,519, and of that £105,566 was invested in Commonwealth consolidated stock. Of the balance approximately £223,000 is held in cash in the Treasury. The balance not represented by cash is included in trust moneys and suspense accounts held by the Treasury, and the money has been used for general account purposes.

It would appear from these questions that there is ample money available in the funds held by the State Insurance Office to meet all possible liability. Another question should not be lost sight of, namely, the special tax imposed on profits of mining companies, which brings in a return of over £80,000 per annum. The primary object of the tax was to recoup this State in respect to the Miners' Phthisis Act, and the incidence of silicosis. Unfortunately this sum has been side-tracked into the Treasury, instead of being paid into the fund con-

trolled by the State Insurance Office. We must also remember that the incidence of silicosis has dropped considerably during the past ten years. It has decreased from an average of 3 per cent. in 1926-27, to less than one per cent. in 1936. This decrease is due to various reasons. When the percentage of silicosis stood at 3 per cent., this condition was brought about by an accumulation of over 25 years' work in the mines. Again, during the past few years the system of ventilation of mines has been considerably improved. The throwing out of the old piston machine in favour of the present-day waterlined jack-hammers has been another factor in the decrease of silicosis. I am of opinion that the validation of the functions of the State Insurance Office, as it stands at present, is not only of the utmost importance to a very large section of the goldfields people, but is also something I am sure will never be regretted.

HON. J. CORNELL (South) [4.55]: I support the second reading. This is the sixth time when the Legislature has been asked to legalise the State Insurance Office. On the occasion of the introduction of each of these Bills I have spoken in support of the legalisation of the office. "Hansard" will show that on each occasion I shortened the remarks I had to make. I wish to recapitulate the statement that the State Insurance Office is the handiwork of the insurance companies themselves. They were responsible for its coming into being. Had it not come into being, because of the refusal of the insurance companies to cover the risks occasioned under the Third Schedule of the Workers' Compensation Act, that part of the law could not have been put into operation. The insurance companies themselves, therefore, are to blame for the creation of the office. Reference has been made to this Bill having been dealt with by a select committee of another place. The report is before us. I have been too long in this institution to give much credence to any select committee's report on a measure where the line of demarcation for or against is so clear as it is on this measure. The party line of demarcation as to whether the State Insurance Office should be given legal entity is strikingly demonstrated in the report, inasmuch as one trend of political thought on the committee says, "we want all the in-

surance other than life," and the other side of the political picture says "You can have workers' compensation and Third Schedule risks." That is the considered opinion of the committee. I would dismiss the opinions of the select committee on the ground of the absurdity from the minority viewpoint that the State Insurance Office should only have that part of the insurance which the companies practically refused to carry at the inception of the State office.

Hon. J. M. Macfarlane: Was not that repudiated in the evidence before the select committee?

Hon. J. CORNELL: I will recapitulate what actually happened.

Hon. J. M. Macfarlane: Read the evidence.

Hon. J. CORNELL: Let the hon. member read "Hansard," and note what I said last session. I will recapitulate portion of my remarks for the hon. member's benefit. When the Third Schedule of the Workers' Compensation Act was proclaimed, the late Mr. McCallum asked the insurance companies to quote. The then President of the Underwriters' Association, the late Mr. Olney, who was mayor of Subiaco at the time, came to my home and spent two or three hours with me in an endeavour to ascertain whether I could give the association any idea of the potential risks they would encounter in transacting business under the Third Schedule. I said I could not give him any idea and that my research went to show that, although the legislation dealing with miners' phthisis and other similar diseases had been in operation for years in South Africa, the authorities there had not been able to measure the risk. Within 24 hours of that conversation, I met four representatives of the Underwriters' Association, including Mr. Olney, in St. George's-terrace, and told them that they could not hope to measure the risk. My advice to them then was to accept the risk for a year. I told them that if they did that, they would then have a case to submit to the Minister. They could point out to him that they had taken a step in the dark, and the business had turned out to be unprofitable, in which circumstances they could ask the Minister to provide them with an easement of the situation. I told them, if they did not pursue that course, the only alternative for the Minister would be to withdraw the proclamation

dealing with the Third Schedule risks, or the State would have to accept the risks itself. The insurance companies were adamant, and in the circumstances Mr. McCallum did what any other Minister of the Crown, irrespective of his political views, would have done. If the law were to be given effect to, seeing that the private companies would not accept the risks, the State was forced to do so. That was the origin of the establishment of the State Insurance Office. Now it is coolly suggested that the only risks that the State Government Insurance Office should be allowed to accept are those that the private insurance companies would not take.

Hon. G. Fraser: And that is very generous.

Hon. J. CORNELL: So far from being very generous, the suggestion is ridiculous and absurd in the extreme. I would rather the House rejected the Bill than pass it for that purpose only. I consider that the State was within its rights and exercising its proper prerogative, seeing that private interests would not give effect to the legislation, to implement it as it did. Parliament has no right to pass legislation if it is not intended that effect shall be given to it. According to the report some members of the select committee consider that the State Insurance Office should be allowed to handle only the unprofitable business associated with workers' compensation business and the Third Schedule risks in connection with mining. No private insurance company in the State would stretch out two hands to secure workers' compensation business associated with mining operations.

Hon. H. V. Piessie: They would not take that without the advantage of ordinary insurance business.

Hon. J. CORNELL: And I do not know that they would be prepared to do so to-day.

Hon. H. V. Piessie: They certainly would not accept ordinary workers' compensation business unless they had the right to handle other forms of insurance such as fire, life and so on.

Hon. G. W. Miles: That supports Mr. Cornell's argument.

Hon. J. CORNELL: For my part, I consider that mining companies, whether of foreign or local origin, if they have to make use of a State instrumentality in order to cover risks imposed upon them by law, would be betraying their trust if they did not give

that instrumentality the rest of their insurance business.

Hon. H. V. Piesse: That is quite right.

Hon. J. CORNELL: There is a suggestion that legislation should be passed to allow the mining companies to place their workers' compensation and Third Schedule risks with the State office, but nothing else. That is absurd. I understand that other forms of insurance business are much more profitable, and if the State Insurance Office is to be permitted to assist in keeping the mining industry in existence by covering risks imposed upon the companies by law, then the office should not be hamstrung from the standpoint of other classes of insurance business. If we view the mining industry and its significance to the State in a calm and dispassionate manner, we shall find, even with the advantage of a very brief examination of statistics, that Western Australia would indeed be a mendicant State if it were not for the operations of that industry and the price of gold. The risks involved in connection with the industry are extensive, but its value to the State is undoubted. In those circumstances the insurance risks associated with the industry must undoubtedly be covered, and the necessity for that should be recognised throughout the State. From that standpoint, seeing that the risks in other forms of insurance obtainable in the metropolitan and agricultural districts are so much less, it would probably mean an easement in the rates applicable to the mining industry. In those circumstances, I consider that if we agree to the second reading of the Bill, we should pass it in its present form and not hamstring its provisions. There are other phases that could probably be discussed with advantage. For instance, we are told that there are 60 odd insurance companies functioning in Western Australia. If that is so, it is obvious that the concerns are not functioning merely for the sake of their health.

Hon. G. Fraser: It shows that it must be a profitable business.

Hon. J. CORNELL: Those companies are functioning for the sake of profits.

Hon. H. V. Piesse: Naturally, they are.

Hon. J. CORNELL: If a State having a population of 460,000, including babes in cradles, can carry 60 or more ordinary insurance companies, it means that we are carrying four or five times more than we should.

Hon. H. V. Piesse: Competition brings about reductions in rates.

Hon. G. Fraser: The competition is terrible!

Hon. G. W. Miles: It means that there are more than 180 directors for those 60 odd companies.

Hon. J. CORNELL: I think there is more of the honourable understanding about the business than competition. That applies to many other forms of public necessities today. It is not competition that rules the roost but honourable understandings or gentlemen's agreements. I do not know that I can say much more. I am optimistic enough to believe that the second reading of the Bill will be agreed to, and I hope it will not be so emasculated in Committee that the State Government Insurance Office will be given merely what ordinary companies would not accept. To do that would be unjust to the State and absurd to the mining industry and those dependent upon it. It would be unjust and absurd to say that the mining companies must place their greatest risks with one institution and force them to place their smaller risks with others.

HON. E. H. ANGELO (North) [5.13]:

It was not my intention to participate in the debate, but, after hearing the extracts read by Mr. Elliott from the select committee's report, I have risen to ascertain if he can give me a little further information, or perhaps the Minister will do it for him. The questions and answers referred to by Mr. Elliott were put to and answered by the Government Actuary, who is in charge of the State Government Insurance Office. On perusing the report I find that the following questions were put to the Government Actuary and answered by him:—

1215. Has the State Insurance Office received any direct contribution from State revenue since it started?—Not a penny.

1216. Has it been relieved of any obligation which it otherwise would have suffered by reason of the State paying the obligations to the persons concerned?—A claimant had the option at one stage of claiming under the Miners' Phthisis Act or under the Workers' Compensation Act. The scale of benefits under the Miners' Phthisis Act was rather better than under the Workers' Compensation Act, and so he exercised his option and claimed under the Miners' Phthisis Act. But any burden of the description of which the State Insurance Office was relieved has been or is being paid back to the Treasury by this amount of £25,000 per annum, which is taken by the Treasury.

Hon. J. Cornell: The Miners' Phthisis Act has nothing to do with insurance.

Hon. E. H. ANGELO: They are all mixed up together. The mere fact that £25,000 is returned to the Treasury yearly by the State Government Insurance Office demonstrates that fact. That is the point I wish to raise. We do not know where we are with all this, I will not say juggling, but because of the interchange and mixing up of accounts and methods of doing business. I refer members to page 46 of the Auditor General's report, wherein that officer says—

The Miners' Phthisis Act, 1922, was proclaimed to operate from the 7th September, 1925, and compensation thereunder commenced during the year 1925-26. The following statement shows the compensation paid for each year of the 12 years ended the 30th June, 1937.

Then he points out that for the last year the compensation paid was £55,136.

Hon. J. Cornell: Workers' compensation or miners' phthisis?

Hon. E. H. ANGELO: The hon. member has just heard that according to the evidence given by the Government Actuary, the two are mixed up together. The report goes on to say that the allocation of the money was £25,000 from the funds of the State Insurance Office and £30,136 from Consolidated Revenue Fund, and for the 11 years, 1925 to 1937, no less than £595,350 was paid in claims, out of which Consolidated Revenue contributed £449,350, and the Insurance Office £145,000. That £145,000 came out of their profit, but that did not prevent Consolidated Revenue having to contribute the amount I quoted.

Hon. J. Cornell: That is absurd. The hon. member knows that deals with miners' phthisis.

Hon. E. H. ANGELO: Yes, but the business is worked by the State Insurance Office. If we turn to page 65 of the Auditor General's report, we find the whole thing set out again. Under the heading of "Workers' compensation and employers' liability insurance" we find that the premiums in connection with industrial diseases amounted to £655,765, and claims and medical expenses paid totalled £263,306. In the third column of the table on the same page it is shown that the £263,000 includes a total of £145,000 transferred to the Revenue Fund during the last seven years, the amount for 1936-37 being £25,000. So it

will be seen that these accounts and the State Insurance Office are mixed up together. Then the Auditor General goes on to tell us about the reserve that has been built up by the State Office from miners' phthisis; £66,168 for miners' phthisis claims in course of settlement; £56,250 for miners' phthisis expected, £4,400 for bad and doubtful debts, and £261,196 as a general reserve, out of which we are told that £105,000 has been invested in Australian Consolidated Stock, and that the balance is in the Treasury. Of course that may be a reserve. The Auditor General's comment at the bottom of the same page is as follows:—

No estimate of the potential liability for compensation in respect of industrial disease has been made. In the circumstances, it is not possible to determine whether any portion of the amounts reserved represents profits earned from the business.

I said at the outset I had not intended to make a speech. As on a previous occasion I made a number of notes, but on the present Bill Mr. Baxter dealt so amply with the subject last night that I have nothing to add and am averse to repetition. Really there is not much left to be said, and I urge members before they cast their votes, to try to get a copy of the verbatim report of Mr. Baxter's speech, as well as the report of the speech made by the Minister who introduced the Bill, and compare both carefully, and also consider them in conjunction with the report of the select committee. I consider the select committee did excellent work. The insurance business, however, is one of the most intricate on the face of this globe, and a person requires to be possessed of a lot of special knowledge before he can thoroughly understand it.

Hon. J. Cornell: And there are a lot of companies.

Hon. E. H. ANGELO: If the hon. member had any knowledge of the work associated with the insurance business, and the really good insurance cover that is given, he would understand.

Hon. G. W. Miles: And protection also.

Hon. J. Cornell: At a price.

Hon. E. H. ANGELO: If the hon. member peruses the report of the select committee, and reads some of the evidence, he will find that there is plenty of competition.

Hon. G. W. Miles: And many of the companies have been put in their place by Lloyds.

Hon. E. H. ANGELO: I ask members to read carefully the evidence given by the Government Actuary himself and by Mr. Minihan, the officer in charge of State insurance, and also that of Mr. Reid, the Under Treasurer. That evidence will reveal that none of those gentlemen is able to give a correct idea of the financial position of the State Insurance Office, that is, as far as its commitments are concerned. It is essential, in my opinion, that an examination should be made by competent actuaries to find out particularly what provision is being made for outstanding losses and reserves. On page 43 of the select committee's report there appears a pro forma balance sheet supplied by one of the insurance companies. In the profit and loss account on the debit side there are two headings. One is "Provision for outstanding losses" and the other is "Reserve for unexpired risks." There are no provisions of that kind in the State Office, but they should be there. If we turn to page 65 of the Auditor General's report, hon. members will see what I mean. Under the heading of "General accident" the premiums received last year amounted to £136,018, and the claims and medical expenses paid totalled £154,770. There is a mark against the latter figure to show that it represents payments only. In itself that shows that that section of the office made a loss of £18,752, but there is no provision, as I have said, for unexpired risks. Hon. members will understand that sometimes premiums may be paid on the 29th June. Apparently the State Office is taking credit for all the premiums although the risk may have existed for one day.

Hon. J. Cornell: Under workers' compensation?

Hon. E. H. ANGELO: In all insurance matters. There should be an unexpired risk of 40 per cent. on premiums collected during the year, 40 per cent. being recognised the world over as a standard and that should be set aside to meet probable claims on account of those premiums collected during the previous year. If we were to work it out on those lines the Government should have set aside £54,000 as a reserve against unexpired risks for last year. That, however, was not done. Had it been done, instead of a loss of £18,752 as shown by the Auditor General's report, the real loss would have been £73,152.

This shows how necessary it is that we should have a careful examination by experts before we start launching out into a new business venture of this description. It will be seen that the workers' compensation section shows a direct loss without the provisions to which I have referred, and that means, of course, that the taxpayer is called upon to meet the losses made by the State Insurance Office through that office not having charged sufficiently high rates to those employers who probably are running a risky business. According to the evidence given before the select committee nobody seems to know what our liabilities are in connection with industrial diseases. When speaking on the Address-in-reply on the 1st September the Chief Secretary gave us some alarming news. His speech will be found in "Hansard," but not being permitted to quote from "Hansard" I shall read a sentence or two from the newspaper report. It says—

The potential liability under the Third Schedule relating to mine workers already affected with silicosis was over £1,000,000 and the liabilities of the relief funds were almost as great.

According to the Chief Secretary, therefore, this State is facing a liability of £2,000,000. As I have just said, that is an alarming state of affairs, and according to the answers given to the select committee by the Government Actuary, the officer in charge of the State Insurance Office, and the Under Treasurer, those gentlemen do not seem to know what our liabilities are. Surely hon. members will agree that we should have an investigation by the ablest men before we go any further.

Hon. J. Cornell: Whom do you suggest?

Hon. E. H. ANGELO: We should have an investigation by actuaries who are thoroughly competent and have a knowledge of this kind of work. We know that the A.M.P. and other big insurance companies employ trained actuaries.

Hon. J. Cornell: They do not deal with silicosis.

Hon. E. H. ANGELO: No, but that and other risks are mixed up together in our State Insurance Office. I have said it already, and I repeat it that miners' diseases should be controlled by a fund from the Treasury, or from the Mines Department, and then we would know exactly where we were; but being mixed up with the State Insurance Office it clouds the vision of one against the other. Surely we ought to know something more about this business. I cannot see my way to support the proposal, but

if members consider that the measure should be given a trial, I hope it will be restricted on the lines suggested in the minority report. We should have an assurance by the Minister that the Workers' Compensation Act will be amended to permit of insurance companies qualified under the Commonwealth Insurance Companies Act to be officially recognised to do compensation business. If that is not done, a monopoly will be created for the Government, and I remind members that one of the arguments of the Government for starting the State Insurance Office was that it was necessary to break down a monopoly. The Bill should not be allowed to pass without an assurance from the Minister that the Workers' Compensation Act will be altered, so that the insurance companies, who are employing a large number of worthy and respectable citizens, will have an opportunity to carry on the work they have been doing which, as has been proved by the evidence, has been carried on at a loss for some years past.

HON. E. H. H. HALL (Central) [5.32]: The remarks of Mr. Angelo have given me food for thought. I was impressed also by the very able speech on the Bill delivered by Mr. Baxter yesterday. It has been claimed that this Chamber is a non-party House, but on many occasions when that claim has been advanced, it has evoked sneers and jeers.

Hon. G. Fraser: Some members have said it so often that they believe it themselves.

Hon. E. H. H. HALL: On a measure of this kind when members endeavour to do the right and proper thing, unswayed by political bias, the value of this Chamber is brought home to a majority of the people of the State. There are some members of this House who are pledged, on measures such as this, to vote one way or the other. There are also members who exercise their independent judgment. I have heard Mr. Cornell criticise principles enunciated by the Labour Party, but this afternoon we heard him in that emphatic manner of his declare that he was with the Government on this measure. Mr. Elliott, who has gained a reputation for an evident desire to give an impartial decision on the matters brought before him, is also in favour of the Bill. Following on the remarks of Mr. Angelo I consider that the Auditor General, who is an officer of Parliament and not of the Government, is the one man to whom we should pay attention. We have the greatest confidence in him and the

evidence he has given is entitled to all respect. Now I am about to say something that I have mentioned on previous occasions. It has been thrown up at me, as a member of this House, that some members are directly interested in insurance business, and I have been asked how they could be expected to vote for such a measure when it is against their financial interests to do so. Whether the statement is true or not, I do not know; I have not made it my business to find out, but I have that statement on fairly good authority. All I can say is that I have no interest of any sort in any insurance company. It is the practice with local authorities—I was a member of one for eight years—that when any question arises in which a member has a financial interest, he lays himself open to a charge if he votes upon it. If a similar restriction does not operate against members of Parliament, the sooner it is made to do so, the better. Apart from all party considerations I have, on several occasions, voted for a measure of this kind. I accept the statement made by Mr. Cornell this afternoon; he was speaking of something within his personal knowledge. The State Insurance Office having been started and carried on for so long, I am not averse to its being continued for another 12 months. Reverting to the remarks of Mr. Angelo, however, the sooner we instruct the Auditor General to make an exhaustive investigation of the whole matter, the better it will be. I presume that we would have authority to instruct him to do that. Then next year we would know exactly where we stood. Judging by the evidence of the Government Actuary and the Auditor General, they were not at all clear regarding the financial position of the office. I shall vote for the second reading, reserving to myself the right to support or oppose amendments in Committee, but I hope the Honorary Minister, in his reply, will give us some enlightenment on the points raised during the debate.

On motion by Hon. T. Moore, debate adjourned.

BILL—INCOME TAX ASSESSMENT.

Received from the Assembly and read a first time.

BILL—COLLIE HOSPITAL AGREEMENT.

Second Reading.

THE HONORARY MINISTER (Hon. E. E. Gray—West) [5.41] in moving the second reading said: This short Bill is to ratify an agreement made by the Collie Municipal Council and the Collie Road Board in connection with the construction of the Collie Public Hospital. The agreement has been signed by the Premier on behalf of the Government, and needs the ratification of Parliament. In 1926 a public movement developed strongly in Collie for the provision of a new hospital. This movement was supported by the local municipal council and road board, as well as by the Miners' Union and other bodies and the public generally. The Government agreed to erect a hospital at a cost of £16,000 provided the people made themselves responsible for the payment of their share in due course. Mr. Clydesdale, who has taken a prominent part in movements of this kind, knows that local committees often do an immense amount of collecting at the outset and later ease off. This was the experience of Collie. The depression came and upset the committee's endeavours to raise the £8,000. The Government, although definitely adhering to the policy of building such hospitals on the pound-for-pound principle, was agreeable in the first place to finding all the money so long as the local people made themselves responsible for their share. In advancing the movement, the council undertook responsibility for the local moiety, and various schemes for collecting money were devised, including one whereby the workers paid 1d. per week to the local building fund. The miners' subscriptions were subsidised to an equal amount by the companies. For some years all went well, but as I have remarked, the depression brought difficulties as a result of the exhaustion of the contributed funds. Finally the council had to face the position of continuing payments under the agreement out of the rates. The council contended that the hospital served the people in the outlying districts, as well as those within the municipality, and felt that the road board should shoulder some of the burden. The road board expressed willingness to meet a reasonable share of the payments, but at first could not agree with the council as to what that share

should be. Ultimately both parties agreed to submit the case to the arbitration of the resident magistrate, Mr. Wallwork, who, having heard the argument, gave a decision that was accepted by both parties. An agreement was then drawn up, and this has been incorporated in the schedule to the Bill. It sets forth that the road board and the council shall between them pay annually to the Treasurer for 52 years a sum of £333 3s. 6d., representing sinking fund and interest on the amount of £6,500 18s. 9d. outstanding at the 31st December, 1935. The proportions payable by the road board and the council respectively have been assessed in accordance with the formula laid down in a schedule to the agreement. That payment is based on the aggregate rates and relative populations of both authorities. Naturally, the local people are anxious that the agreement already signed should receive ratification by Parliament. I move—

That the Bill be now read a second time.

HON. W. J. MANN (South-West) [5.45]: I support the Honorary Minister. In the brief explanation he has given, he has shown that the Collie people entered into the work of providing an up-to-date and thoroughly equipped hospital most enthusiastically. Considering the period in which they set about raising the money, they have done wonderfully well. The result is that in the large industrial centre of Collie there is now a hospital equal, if not superior, to any other country hospital in Western Australia. Where there are many miners working underground, numerous accidents are bound to occur. It is felt by the people of Collie that in order to safeguard their own residents they should make every possible effort to provide a hospital of this description. Their action is highly praiseworthy, and should be emulated by other districts which approach the Government for assistance towards the establishment of hospitals. I have much pleasure in supporting the Bill.

Question put and passed.

Bill read a second time.

In Committee.

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

BILL—MUNICIPAL CORPORATIONS ACT AMENDMENT.

In Committee.

Resumed from the previous day; Hon. J. Cornell in the Chair, the Chief Secretary in charge of the Bill.

Clause 54—Amendment of Section 438:

The CHIEF SECRETARY: Since the framing of the principal Act, the functions of municipal councils have enlarged considerably, and it is found necessary to increase their borrowing powers correspondingly in respect of matters not provided for in the existing Act. That is the reason for the clause.

Hon. H. SEDDON: I note that the clause empowers municipalities to purchase aeroplanes. What do municipalities want with aeroplanes?

Hon. L. B. Bolton: A few years ago you might have asked why should municipalities want motor cars. Be up-to-date!

Hon. H. SEDDON: I see no justification for aeroplanes being bought by any Western Australian municipality.

The CHIEF SECRETARY: If a municipality has no use for an aeroplane, it will not purchase one. The same same thing applies to motor vehicles. The amendment is desirable if the Act has again to wait so many years to come up for reconsideration. I do not suggest that any Western Australian municipality at present desires an aeroplane.

Hon. H. SEDDON: We have not yet been told why the words "aero vehicles" are included in the clause. Are these amendments merely haphazard?

Hon. W. J. MANN: I cannot follow Mr. Seddon's reasoning. We live in an age of progress, and there is a strong tendency towards aerial traffic throughout the world. Even goods are conveyed by aeroplanes in other countries. Before long it may be to the advantage of a municipality to be able to get rapidly in touch with the city.

Hon. H. S. W. PARKER: The clause anticipates a time when aerial traffic will have assumed vast dimensions. I am surprised that parachutes are not included in the clause.

Hon. H. SEDDON: Municipalities elsewhere have embarked on schemes involving ratepayers in huge expenditure. We have been told of a municipality in the Old Country where the rates are over 100 per cent. on receipts from properties. The

clause opens the door to all sorts of wild schemes of expansion and expenditure. Heavy burdens on ratepayers may result.

Hon. J. M. MACFARLANE: I am wondering why aeroplanes are included. If the proposal were to empower road boards to purchase aeroplanes, perhaps I could understand it; but municipalities have no need for aeroplanes. The inclusion of aeroplanes seems to me due to a foolish rather than a long view.

The CHIEF SECRETARY: This amendment was asked for by the Local Government Association. While I cannot imagine for what purpose any municipality would desire to purchase a vehicle of that kind, the time might arrive when it would be desirable. The reference to municipalities embarking on schemes expensive to ratepayers and the reference to remarks of mine last year are not particularly apropos of this because the case I quoted last year was not isolated, but an average case in Great Britain at the present time. We do not know what taxation is in Western Australia.

Hon. H. S. W. Parker: We are finding out rapidly.

The CHIEF SECRETARY: It is about time we realised the fact. In most municipalities in the Old Country the rates are many times higher than they are in Western Australia.

Hon. J. M. Macfarlane: We feel sorry for them and do not want to be in the same position ourselves.

The CHIEF SECRETARY: Many members do not realise the fact. They think that taxation imposed in Western Australia, particularly by local authorities, is very high, whereas compared with municipalities in the Old Country, it is particularly low.

Hon. J. T. FRANKLIN: I move an amendment—

That the words "aero and" be struck out. I think that it was by a mistake or a misprint that these words were included.

Hon. G. W. MILES: The Chief Secretary said that this had been requested by the local governing bodies themselves, and I think they are looking ahead. A number of people have become pilots and the time will arrive when we shall find private aeroplanes owned by farmers, station owners and others.

Hon. E. H. H. HALL: For the information of the Committee, I have a note from a member of another place who was responsible for the inclusion of the word "aero." The note is that "An aero-vehicle is not an aeroplane; it is a composite vehicle that can be driven along the road and garaged the same as a motor car."

Amendment put and negatived.

Clause put and passed.

Clause 55—Amendment of Section 445:

The CHIEF SECRETARY: This amendment is designed to help municipal councils out of the difficulty in which they find themselves when, through unavoidable delays such as might be occasioned by the taking of a loan poll, they find that the rate of interest originally stated has to be increased in order to obtain the money desired.

Clause put and passed.

Clause 56, negatived.

Clause 57—Amendment of Section 450:

The CHIEF SECRETARY: This amendment speaks for itself. There is a similar provision in the Road Districts Act and this will allow the councils, with the approval of the Minister, to refrain from striking a loan rate if the income from the undertaking on which loan money has been expended is sufficient to cover interest and sinking fund, thereby relieving ratepayers of the burden of that additional loan rate.

Hon. J. M. DREW: For some years in Geraldton it was considered that the maximum special rate which could be imposed was 1s. 6d. in the pound. A member of the council there suggested that legal opinion should be secured from the metropolitan area. The decision of the legal gentleman consulted was that the council could impose a special rate on every loan up to 1s. 6d. in the pound. That was not the maximum for several loans but the maximum for one loan. Even if there were 12 loans in operation, the council could legally impose that special rate on each. I am informed that a large body of persons in Geraldton considered that that section of the Act was dangerous. It was felt that it was not clear and should be made clear. If the intention was that the rate should be 1s. 6d. on each loan, it should be clearly stated, and there should not be the neces-

sity to secure legal advice. Similarly, if the rate is a fixed one to include all loans, it should be so described.

The CHIEF SECRETARY: Mr. Drew has raised an interesting point. In view of what he has said, I will supply him with the rulings of the Crown Law authorities in this connection.

Clause put and passed.

Sitting suspended from 6.15 to 7.30 p.m.

Clause 59—Amendment of Section 476:

The CHIEF SECRETARY: Section 476 of the principal Act is that which allows a council to expend money not exceeding 3 per cent. of their ordinary revenue. Most of us know for what purpose. It is now desired to give the councils power to expend some of their revenue outside their own districts. There is no provision in the existing law to enable that to be done, and so there is frequently most desirable work left in abeyance because of that lack. As an instance: the Bunbury council desires to improve the channel from the Estuary to the Collie River. But of course the channel is outside the boundary of the municipality, and so the council cannot spend any money either in doing that work or in subsidising any other authority to do it. As a result of this position, frequently the Government are asked to do work which ordinarily would be done by the local authority. This amendment provides that councils may expend up to 10 per cent. of their revenue on work of this kind. Another example: the Swan River runs through the municipality of East Fremantle. It was determined a little while ago that certain improvements should be made on the foreshore and swimming facilities established. But because the area selected is outside the boundaries of the municipality, it was not possible for the council to undertake any responsibility in that regard. The object of the clause is to enable municipalities in certain circumstances to expend money outside their own boundaries.

Hon. G. B. WOOD: This is a very desirable amendment, and I should like to see it extended to the Road Districts Act. In York to-day the council expends money on the cemetery, and the road board would like to help them but is not empowered to do so.

Hon. L. B. BOLTON: I will support the amendment, but I am not sure whether 10 per cent. would not be too high a figure at

which to fix expenditure outside the local authority's area.

The CHIEF SECRETARY: I do not think we need fear any adverse results from agreeing to 10 per cent. of their revenue for expenditure outside the district. As to Mr. Wood's suggestion that this would be a desirable amendment to the Road Districts Act, the clause provides for the spending of money by a municipality in a road district. As for wishing to see the clause in the Road Districts Act, the hon. member will have an opportunity later to move in that direction.

Hon. C. H. WITTENOOM: In the Albany district there is a road that runs through property belonging to the Defence Department. We have repeatedly asked the Defence Department to repair the road, but they have always told us to do it ourselves. This amendment would provide for that.

Clause put and passed.

Clause 60—Amendment of Section 477:

Hon. L. B. BOLTON: Mr. Nicholson, on the second reading, said he had received a letter from the International Institute of Accountants suggesting an amendment to this clause. I and several other members have received copies of the same letter. Since I approve of that letter, I move an amendment—

That after "accountants" in the line 8 the words "as named in the First Schedule of the Act" be inserted.

The letter goes on to suggest a further amendment, namely, to include in the Schedule the names of a number of institutes of accountants.

Hon. L. Craig: But they are already included in the Schedule.

The CHAIRMAN: If the hon. member were to move to strike out the words "or with the approval of the Minister," he would achieve all that he desires.

Hon. L. B. BOLTON: No, I fear that that would merely result in confining it to competent accountants.

Hon. L. Craig: Why name all the various institutes?

Hon. W. J. MANN: I think the words "with the approval of the Minister" should be permitted to remain. In a remote district it is not always possible for the local authority to secure a man with all the desirable qualifications. I have received a note from a municipality in which it is stated that the council should have opportunity to appoint a Government audi-

tor if it so desires. It seems to me that would meet the position.

The CHIEF SECRETARY: There is no necessity for Mr. Mann's suggestion, for it is open to the Minister to do that at present. Also I believe there are available many very estimable gentlemen quite capable of occupying the position of auditor, who are not members of any recognised institute, and probably never have been, but who by virtue of long experience are just as capable of doing the work as are the members of any recognised institute. It is necessary to safeguard those gentlemen. The clause does that.

Hon. J. M. Macfarlane: They do not belong to a union.

The CHIEF SECRETARY: It is not a question of belonging to a union. The list of institutes given in the letter received by Mr. Bolton may not include all the institutes in Australia, and it is possible there are in the Eastern States a number of institutes whose members are thoroughly competent and who, sooner or later, may come to Western Australia. It is possible that other institutes will be established, and secure recognition in this State. If we agree to Mr. Bolton's amendment we shall be saying that unless an accountant is a member of one of the existing institutes he cannot contest this position, or cannot do so unless he can persuade the Minister to permit him to do so. It would be a safer thing not to include the list in the schedule as suggested. I think there are already 30 schedules to the Act, and if we passed the amendment it would be necessary to alter them. There may be other institutes already in existence, but if the power is left in the hands of the Minister the difficulty can be overcome.

Hon. H. V. PIESSE: Provided that power is left in the hands of the Minister there should be no difficulty in this matter, even if there should be other institutes than those already referred to.

Hon. H. SEDDON: Men may be practising as accountants who are not members of any institute. I take it that the term "recognition" means any institute approved by the Minister. So long as it is understood that the Minister will recognise any institute of accountants, well and good.

Hon. E. H. H. HALL: I received a letter similar to that received by Mr. Bolton, and

also a private letter from an accountant in the public service. Those concerned have no cause for alarm. One of the best accountants we ever had in Geraldton subsequently became an accountant of one of the big companies in Perth, although he did not belong to any institute.

Hon. L. B. BOLTON: The Committee appears to be against me, and I should like to withdraw my amendment.

Amendment by leave withdrawn.

Clause put and passed.

Clauses 61 and 62—consequently negatived.

Clause 63—Repeal of Seventh Schedule:

The CHIEF SECRETARY: This deals with the supplementary lists to be sent to the chief electoral officer.

Clause put and passed.

Clause 64—Amendment of Ninth Schedule:

The CHIEF SECRETARY: This is consequential on the preferential voting.

Clause put and passed.

Clause 65—Amendment of Eleventh Schedule.

Hon. H. SEDDON: Is it not necessary to amend the Eleventh Schedule seeing that the voting will be on the preferential system?

The CHIEF SECRETARY: There may be something in the suggestion of the hon. member, in which case the Bill can be re-committed.

Clause put and negatived.

Clause 66—Amendment of Seventeenth Schedule:

The CHIEF SECRETARY: This is consequential on the previous clause dealing with annual value and unimproved value.

Clause put and passed.

Clauses 68 and 69—agreed to.

Postponed Clause 3—Amendment of Section 6:

The CHIEF SECRETARY: A point was raised by Mr. Hamersley regarding the definition of "officer," and he asked in what circumstances would a council employ a constable. I suggested that a police constable might be engaged for certain purposes, but there are other occasions when municipalities employ special constables to patrol beaches or for some similar purpose. It is necessary that this definition shall be included for the purposes of Arbitration

Court awards and so forth. Some difficulty has been experienced in determining the status of particular employees, and the clause will make the position clear.

Hon. V. Hamersley: I am satisfied with that explanation.

Clause put and passed.

Postponed Clause 10—Amendment of Section 55:

The CHIEF SECRETARY: This amendment is necessary.

Clause put and passed.

Postponed Clause 11—Amendment of Section 69:

The CHAIRMAN: When consideration of the clause was postponed, paragraphs (a) to (e) had been deleted and the question was: That the clause stand as amended.

The CHIEF SECRETARY: The clause deals with plural voting. The object of paragraph (f) is apparently to strike out subsection 7, which would have the effect of disfranchising a ratepayer who in any financial year had not paid his rates on or before the 1st October. I propose moving to strike out paragraphs (f) and (g).

Hon. H. SEDDON: I am in agreement with the Minister, but was there not an amendment agreed to dealing with the question of rates?

The CHIEF SECRETARY: I do not know of any. On further consideration I think I have construed paragraph (f) wrongly. It seems to me that subsection (7) should be deleted.

Hon. H. Seddon: Why?

The CHIEF SECRETARY: Because as it stands in the Act, it disfranchises a ratepayer who has not paid his rates by the 1st October.

Hon. H. Seddon: Is that not desirable?

The CHIEF SECRETARY: No. In my opinion, it is not desirable.

Hon. H. Seddon: If he does not pay his rates, why should he not be disfranchised?

The CHIEF SECRETARY: The ratepayer will still be liable, and the municipality will eventually receive the rates.

Hon. G. Fraser: Mr. Seddon is not disfranchised if he does not pay his income tax.

Hon. H. S. W. PARKER: It seems to me that the provision in the Act is as it should be. If a ratepayer does not pay his rates, I do not see why he should have the right to vote. The Chief Secretary says that he will eventually have to pay the rates, but he may

not, because he may sell the land and the new owner would have to pay them. The subsection provides a lever enabling municipalities to collect their rates. Should there be an election, candidates will worry people to pay their rates so that the votes may be secured.

The Honorary Minister: They will be popular.

Hon. H. S. W. PARKER: The impression seems to be that it is the man on the lower rung of the financial ladder who does not pay his rates, but that is not the position. The man in receipt of a small income pays because he dare not allow his rates to accumulate. It is the wealthier section that does not pay and people in that category should be disfranchised because they are well able to pay.

Hon. A. M. Clydesdale: But some may not be in a position to pay.

Hon. H. S. W. PARKER: Then they are not in a position to own land—at the expense of other ratepayers.

The CHIEF SECRETARY: Mr. Parker is consistent up to a point. He desires to disfranchise the individual whether he is a comparatively well-to-do man or one of the many ratepayers who are not possessed of much wealth, simply because he has not been able to pay his rates. During the last few years many people have not been able to do so because of unemployment, sickness, adverse financial circumstances or other considerations. The hon. member would have such persons disfranchised because their rates were not paid by the 1st October, although by the end of the month they may have been paid.

Hon. H. Seddon: At any rate, they would be nine months in arrears at that stage.

The CHIEF SECRETARY: I would not care if they were 12 months or more in arrears.

Hon. H. S. W. Parker: That is our different point of view.

The CHIEF SECRETARY: If Mr. Parker were desirous of contesting the election for the mayoralty of Cottesloe, he would not be asked whether he had paid his rates. Why should we disfranchise the man who might desire to vote for the hon. member merely because he has not paid his rates, while Mr. Parker would not be asked whether he himself had paid rates owing by him.

Hon. H. S. W. Parker: Do you think any candidate would be elected if he did not pay

his rates and the opposition candidate knew of it?

The CHIEF SECRETARY: The position is illogical and we should not allow this particular provision to remain in the Act.

Hon. H. S. W. PARKER: I desire to be logical. The aim of the Municipal Corporations Act is that those who pay are those who will control the expenditure of a municipality. If a man does not care to pay, he need not pay, although he may be sued for the recovery of the rates. If he cannot pay, he should have no say in the government of the municipality. It is only those who pay rates that are entitled to say how those rates should be expended. If a man does not pay his income tax he is charged very quickly, and I do not see why a man should be entitled to go on voting if he does not pay his rates.

Hon. A. M. CLYDESDALE: What would be the position of a man who had paid his rates for 20 years and then, because he should happen to be 12 months in arrears, he is deprived of the right to vote? That man would be as good a citizen as anyone else. If people do not pay their rates, it is not because they are careless but because they may not be able to afford to do so.

Hon. H. SEDDON: The position would arise, in the absence of such a provision, that a number of people might vote in favour of a programme for which they would be taking no responsibility. Quite a number of people deliberately evade their responsibilities and it is for those people that the laws are made.

Hon. H. TUCKEY: I consider that nine months is too short a time. Under the Road Districts Act a ratepayer can go on voting for five years without paying his rates. I would suggest that two years should be the period allowed before a ratepayer became disfranchised.

Clause, as amended, put, and a division taken with the following result:—

Ayes	..	..	..	..	13
Noes	..	..	..	..	9
					—
Majority for	..	..	..	..	4
					—

AYES.	
Hon. C. F. Baxter	Hon. W. H. Kitson
Hon. A. M. Clydesdale	Hon. T. Moore
Hon. J. M. Drew	Hon. H. Tuckey
Hon. G. Fraser	Hon. C. H. Wittenoom
Hon. E. H. Gray	Hon. G. B. Wood
Hon. E. H. Hall	Hon. H. V. Piesse
Hon. E. M. Heenan	(Teller.)

Hon. L. B. Bolton
Hon. L. Oralg
Hon. C. G. Elliott
Hon. V. Hammersley
Hon. W. J. Mann

Notes.

Hon. G. W. Miles
Hon. H. S. W. Parker
Hon. H. Seddon
Hon. E. H. Angelo
(Teller.)

Clause, as amended, agreed to.

Postponed Clause 37—Amendment of Section 218:

The CHAIRMAN: An amendment has been moved to strike out all the words after "materials," in line 6 of the proposed new section, for the purpose of inserting in their place the following:—"Provided there is no private stone-crushing plant operating within a radius of 30 miles of the council selling such stone or material."

Hon. H. TUCKEY: I have already interviewed the Crown Law authorities, but I should like further time to consider the clause unless the Chief Secretary can suggest an amendment that will meet the position. Will the Chief Secretary agree to further postpone the consideration of the clause?

The CHAIRMAN: The hon. member will not be able to submit his amendment to this Committee. I suggest that he withdraw it for the time being and move it when the Bill is recommitted.

The CHIEF SECRETARY: I have no objection to the Chairman's proposal. The amendment as submitted will not do what the hon. member desires, because it would allow country municipalities possessing stone-crushing plants to sell their stone to persons within their own district for the making of roads, and at the same time prohibit the City Council from doing likewise.

Hon. H. Tuckey: My advice is that it will meet the position I desire to see brought about.

The CHIEF SECRETARY: The Perth City Council would not be allowed to sell stone to any person who desires to construct a road or a footpath, and I am sure the hon. member does not want that to happen. He knows that within 20 miles of the city there are several stone-crushing plants.

Hon. H. Tuckey: They are the people I want to help.

The CHIEF SECRETARY: At any rate we might accept the Chairman's suggestion. The amendment can be submitted on recommitment. Mr. Tuckey might set out what he desires so that the Committee will be able to record a correct vote. The object of the amendment contained in the Bill is to give those municipally-owned quarries the right to sell to contractors or private persons

who may be desirous of building a road or footpath within the municipality of that particular authority. I do not see why they should not have that right.

Hon. H. TUCKEY: I will adopt the Chairman's suggestion and ask leave to withdraw my amendment.

Amendment, by leave, withdrawn.

Hon. L. B. BOLTON: I regret that the clause was amended yesterday. I should like to see it restored to its original form.

Clause, as previously amended, agreed to.

Postponed Clause 42—Amendment of Section 378:

The CHIEF SECRETARY: Paragraph (a) sets out the percentage to be deducted for the purpose of valuation. At present a lot of calculations are necessary to ascertain the deductions. Usually they represent between 36 and 38 per cent. In order to avoid the calculations, the amendment proposes 40 per cent. Regarding paragraph (b), the method of arriving at the annual value of unimproved and unoccupied land is that it shall be taken at not less than £7 10s. This amount is considered inadequate, and has been increased to £10. Under paragraph (c), the minimum annual value of allotments or separate portions of ratable land will be increased from £2 10s. to £3. I will endeavour to supply the information desired by Mr. Drew.

Hon. J. M. DREW: I asked for something more than information; I wanted a schedule. In some instances, the 40 per cent. would be far too high, while in other instances it would be too low. It would all depend upon the aggregate amount of the rates and taxes. The clause is unscientific and cannot possibly be justified.

The CHIEF SECRETARY: The clause has been requested by the Local Government Association and the Country Municipalities' Association. A rather comprehensive schedule would be needed to meet the conditions existing in various parts of the State, and I have not had an opportunity to discuss the matter with the departmental authorities. However, I will make inquiries before the Bill is considered on recommitment.

Hon. H. SEDDON: Where the rates are low the clause would operate to the benefit of the ratepayer, but where the rates are high, possibly ratepayers would not be allowed a deduction anything like adequate to the outgoings incurred. There is a good deal in Mr. Drew's contention.

Clause put and passed.

Postponed Clause 43—Amendment of Section 386:

The CHIEF SECRETARY: I move an amendment—

That paragraph (a) be struck out.

Amendment put and passed.

The CHIEF SECRETARY: The Local Government Association considers that something more elastic is required regarding the rate-book. Under paragraph (b), municipalities will have an opportunity to adopt a card system in lieu of a rate-book.

Clause, as amended, agreed to.

Postponed Clauses 44 and 46 consequentially negatived.

Postponed Clause 53—Repeal of Sections 429 and 430, and new section:

Hon. H. SEDDON: On behalf of Mr. Nicholson I move an amendment—

That after the paragraph headed "Firstly" in Subsection 1 of proposed Section 429 the following be inserted:—"Secondly—In payment of all rates and interest due to and expenses incurred by the council and the local authority under the Health Act, 1911-35."

Undoubtedly the clause as it stands is unfair to municipalities. I have a note to that effect from a prominent municipality.

The CHIEF SECRETARY: I must oppose the amendment. The idea of the clause is that the Government should participate on a pro rata basis in the proceeds of the sale. The amendment negatives that, and makes the municipality entitled in priority to all the moneys it claims.

Hon. H. Seddon: The municipality pays all the expenses of obtaining the money.

The CHIEF SECRETARY: That matter is provided for in the Bill.

Hon. H. Seddon: No. The Government has priority.

The CHIEF SECRETARY: Not so. The clause provides for distribution of the money pro rata. That is subject to the consent of the Minister, but where a magistrate has made an order the Minister will hardly refuse his consent. The clause is perfectly reasonable. Frequently the amounts owing to Government departments are fairly considerable.

Hon. H. SEDDON: In these cases the municipalities endeavour to substitute an owner who will pay his rates for one who will not. Therefore they incur expense in putting land up for sale. After the sale the municipality pays the costs, and then whatever is available is split up between the Gov-

ernment and the municipality. Seeing that the municipality takes action, the municipality is entitled to be paid first. In the past goldfields municipalities have simply allowed unpaid rates to accumulate because it would not pay them to take action.

Hon. H. S. W. PARKER: Am I correct in assuming that at the present time if you sell land for unpaid rates and the amount recovered is not sufficient to pay the rates, whilst the purchaser requires land free of municipal rates, then attachment to that land for all other rates and taxes such as water rates or land tax still attach to the land and the Water Supply Department, if it likes, can by going through the proper procedure sell the land again if the rates remain unpaid? If that is so, what does the paragraph headed "Secondly" in Subsection 1 of proposed Section 429 mean?

The Chief Secretary: It is doubtful whether the hon. member is correct.

Hon. H. S. W. PARKER: It seems to me that what is being done here is that where the municipality sells, the Water Supply Department comes along and takes pro rata, although the rates are not satisfied, and the Water Supply Department still has its complete remedy for the balance of its rates from the purchaser.

The CHIEF SECRETARY: The case put up by the hon. member is a particularly interesting one and really means in effect that the purchaser of a piece of land under these conditions is taking a particularly big risk if there is any liability on the land to the Water Supply Department. He is either going to be called upon to find that considerable amount of money or take the risk of the Water Supply Department doing to him what the council did to the previous owner, namely selling the land in order to meet the liability. That may be correct, but I hardly imagine it would work out that way under the amending Bill. Whatever we determine at the moment I will have the matter inquired into from the departmental point of view so that the actual position may be arrived at.

Hon. G. FRASER: The position outlined by Mr. Parker is the correct one. I had an experience of it myself recently. Suppose £100 was the price paid by a purchaser at a sale of land and £40 were owing to the council. The council would get that £40 and expenses. I am not sure whether the Taxation Department or the Water Supply Department would have the first call upon the

remainder, but the procedure adopted, I understand, is that if not sufficient remains to pay the Taxation Department, that department will take what is left and wipe off the remainder of the debt. But with the Water Supply Department I understand the whole debt can be collected from the new owner. The purchaser of land under these conditions, however, does not buy it blindly. The amounts owing are announced by the auctioneer at the time of the sale. The main loser, should the price not be sufficient, would be the local governing body. If £20 were owed and £15 only were collected from the sale, the remainder of the debt would have to be wiped off. The Water Supply Department has power to claim the whole amount.

Hon. H. S. W. PARKER: Section 121 of the Water Supply Act is identical word for word with Section 439 of the Municipal Corporations Act, so one would be liable for water rates afterwards. Apparently the draftsman overlooked that fact in drafting this Bill.

The CHIEF SECRETARY: The provision in this Bill is the same as the provision in the Road Districts Act. If there has been a mistake in the one, there has been a mistake in the other.

Hon. G. FRASER: Suppose there was a division of the spoils between the three bodies, what would be the effect in view of the Water Supply Act to-day? Under the Bill, the proceeds are divided between the Taxation Department, the Municipal Council and the Water Supply Department, but the Water Supply Act gives the Water Supply Department the power to claim the whole amount owing to them. I do not know what the position would be if the alterations suggested were made in this Act.

The CHAIRMAN: I do not know what this argument has to do with Mr. Seddon's amendment.

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

Ayes	..	..	..	..	12
Noes	..	..	..	..	10
					—
Majority for	..	..	..	..	2
					—

AYES.

Hon. C. F. Baxter
Hon. L. B. Bolton
Hon. L. Craig
Hon. C. G. Elliott
Hon. V. Hamersley
Hon. W. J. Mann

Hon. G. W. Miles
Hon. H. S. W. Parker
Hon. F. V. Pease
Hon. H. Tuckey
Hon. C. H. Wittenoom
Hon. H. Seddon

(Teller.)

NOES.

Hon. E. H. Angelo	Hon. E. M. Heenan
Hon. A. M. Clydesdale	Hon. W. H. Kitson
Hon. J. M. Drew	Hon. T. Moore
Hon. E. H. Gray	Hon. G. B. Wood
Hon. E. H. H. Hall	Hon. G. Fraser

(Teller.)

Amendment thus passed.

Hon. H. SEDDON: I have a further amendment to submit on behalf of Mr. Nicholson as follows:—

That the paragraphs under "secondly" be struck out and the following substituted:—

In payment of all unpaid rates and taxes at the time of the sale due to or imposed in favour of the Crown in right of the State or any department or agency of His Majesty's Government of the State:

Provided that, where the moneys remaining after the payments provided for in the next preceding paragraph have been made are not sufficient for the payment in full of all the rates, taxes, and expenses mentioned and provided for in this paragraph, such moneys shall be distributed between the Crown, the department, and the agency, pro rata, with the amounts of their claims respectively.

The CHAIRMAN: I cannot accept the amendment as it stands, because it takes out three-fourths of the words and puts them back again. Hon. members are aware that certain words cannot be deleted and then put back again in the same Committee.

Hon. H. SEDDON: Very well. I move the amendment in this way—

That all words after "State," in line 5 of the "second paragraph, down to and including "land" in line 8 be struck out.

Amendment put and passed.

Hon. H. SEDDON: I move an amendment—

That after "department" in line 7 of the proviso, "and" be inserted.

Amendment put and passed.

Hon. H. SEDDON: I move an amendment—

That beginning in line 8 of the proviso, the words "The council and the local authority under the Health Act, 1911-1933" be struck out.

Amendment put and passed.

Hon. H. SEDDON: I move an amendment—

That Subclause 2 be struck out.

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

Title—agreed to.

Bill reported with amendments.

BILL—FINANCIAL EMERGENCY ACT AMENDMENT.

Second Reading.

THE CHIEF SECRETARY (Hon. W. H. Kitson—West) [9.23] in moving the second reading said: 'This is a Bill to continue the operation of the Financial Emergency Act, as amended in 1935, for a further period of twelve months. The original Act, which was passed in 1931 in pursuance of the Premiers' Plan, provided for a general reduction of governmental expenditure and mortgagors' interest. When this legislation was reviewed by Parliament in 1935, it was considered no longer necessary to re-enact those parts of the Act which dealt with salaries, wages, pensions and grants. It was decided, however, still to retain on the statute book the provisions relating to the reduction of mortgagors' interest. The relevant section of the Act dealing with mortgagors' interest provides that there shall be a reduction of 22½ per cent. in the interest payable on all mortgages which were in operation prior to 1931, with the proviso that the maximum reduction shall be to 5 per cent. per annum. Under the Act every mortgagee has the right to go before a Commissioner appointed under the Act, and make application that the mortgagor should pay the rate provided in the mortgage in lieu of the reduced rate under the Act. The Commissioner in that case is empowered to declare what is a reasonable and just rate to be paid, having regard both to the circumstances of the mortgagor and to the economic and financial conditions prevailing in the State. In view of the current conditions, it is not yet considered expedient to allow mortgages in force at the time the original legislation was enacted and which have not been converted to a lower rate of interest, to revert to the former high rates, although in some cases the original mortgages have been converted at a lower rate of interest. Last session, when the Bill was before the House, the hope was expressed that the time was not far distant when the measure might be done away with. However, that time has not yet arrived.'

Hon. H. SEDDON: Was it this Bill or the Mortgagees' Rights Restriction Act Amendment?

THE CHIEF SECRETARY: It was this Bill, and several members expressed the opinion that there was no need to continue the Act at all. However, the Government think the time has not yet arrived to repeal

the Act, and so it is desired that the Act shall continue for a further period of 12 months. I hope the House will agree that the necessity still remains for the continuance of this measure for another year. I move—

That the Bill be now read a second time.

HON. H. SEDDON (North-East) [9.27]: I do not intend to oppose the Bill, although I hope the time will soon arrive when we can dispense with it. But I think this House does consider that another Bill, the Mortgagees' Rights Restriction Act Amendment, should be discontinued. There is undoubtedly evidence that money is available for investment in mortgages, in addition to which the banks are enjoying increases in their deposits, and advances have come down in price. Consequently, that will have its effect in reducing the rate of interest on mortgages. Later I intend to ask the House to support me in the rejection of the Mortgagees' Rights Restriction Bill.

HON. G. B. WOOD (East) [9.28:]: I will support the second reading for I do not think the time has arrived for the repeal of the Act. We have made considerable recovery, but it takes many years fully to recover from a depression that lasted four or five years. I am of opinion that the time has not yet come when the repeal of the Act should be brought about and so I will support the second reading.

HON. J. CORNELL (South) [9.29]: I wish to make a few remarks in conformity with the remarks that I made previously. Some members have said that the time is not opportune for the repeal of all that remains of the Emergency Acts, dealing with the reduction of mortgages, but it appears to me that the remaining part of the Act is very like the Financial Emergency Assessment Act; so much so that the two have been spoken of as opening batmen. It looks as if the provisions of this Bill are likely to remain as long in operation as is the case with the provisions of the financial emergency tax. It will amount to a battle, as it were, between Ponsford and Bradman. It is about time Parliament said to the people affected by this measure, "You are in or out, or you are down on a certain percentage for all time." Why cannot Parliament say to them what was said to the bondholders? There was no equivocation about the treatment of the bondholder; he was written down 22½ per cent. for all

time. He knows where he is. It would be preferable to deal with the people affected by this part of the Act by writing their mortgages down definitely for all time.

The Chief Secretary: Make the thing permanent, you mean?

Hon. J. CORNELL: That would be better and fairer to all concerned. They would know where they were, just as the bondholder does.

Hon. H. V. Piesse: Under what Act would you write them down?

Hon. J. CORNELL: One could be passed for the purpose. The Financial Emergency Act imposed a cut on all salary and wage-earners, and even on pensioners. Owing to the passage of time, and the return to prosperity, we are told, an easement was granted, and eventually the cut was restored permanently. I hold no brief for the people affected by this Bill. In view of the circumstances generally and the present rate of interest on money, if the conditions of the mortgages are fair and equitable, we ought to say so and square the ledger accordingly, instead of having this legislation brought down session after session. I do not feel disposed to vote against the Bill, but would be inclined to move in that direction if something is not done soon permanently to end the situation.

On motion by Hon. H. S. W. Parker, debate adjourned.

BILL—LAND ACT AMENDMENT.

Second Reading.

THE CHIEF SECRETARY (Hon. H. W. Kitson—West) [9.34] in moving the second reading said: This Bill provides for two important amendments to the Land Act, 1933-36. The first proposal relates to the limitation of the area of cultivable land that may be acquired by a person under conditional purchase. At present, under Section 47 of the Amendment Act of 1933, it is provided that one person may not hold more than 1,000 acres of cultivable land, or its equivalent in grazing land. Before that amendment became law one person could hold up to 2,000 acres, while a husband and wife together could hold up to 3,000 acres. Under Executive Council authority it was the practice after 1922 not to grant to one person more than 1,000 acres of cultivable land without the special approval of the Minister. Circumstances have now arisen

that render it desirable to increase the maximum area that may be held by any person in certain areas, and in special cases. Thus, in certain outlying districts, notably Goomarin, Warralakin, Campion and Lake Brown, experience has shown that some of the existing farms are too small. The Agricultural Bank desires to initiate a scheme of larger holdings in such localities as these, but this cannot be done without amending the Act.

Hon. J. Cornell: Is the Bill limited to first-class land?

The CHIEF SECRETARY: To cultivable land. A further difficulty has also arisen in connection with the Agricultural Bank. Certain leases over which the Bank holds mortgages have been cancelled for the purpose of making the land again available for selection, subject to selectors signing mortgages to the bank. Many of these leases, however, were taken up under the old Act, with the result that they contain more than 1,000 acres of cultivable land. The Bank now finds itself unable to dispose of such properties under the existing law without dividing the securities. This course is not deemed advisable by the Commissioners. To overcome the difficulties I have mentioned, it is now proposed to empower the Governor, on the recommendation of the Minister, to grant cultivable land in special cases, and in particular localities, in excess of 1,000 acres, with a maximum of 2,000 acres of cultivable land or its equivalent, based on five acres of grazing land to two acres of cultivable. This provision will bring the power in regard to ordinary conditional purchase land into line with that already provided in respect of repurchased estates under Section 127 (3) of the existing Act. Members are already familiar with the principle of the second proposal. The Bill seeks to extend to December, 1938, the provisions of the amending Act of 1936, empowering the Minister on the recommendation of the Pastoral Appraisal Board to grant rent remissions to pastoral lessees suffering from drought. This provision, I am sure, will have the approval of every member of the House acquainted with conditions as they are in the pastoral areas to-day. It was hoped last session when the amendment was first brought down, that a decided improvement in seasonal conditions might not render it necessary to continue this relief provision for an extended period. However, while conditions have eased to a certain extent in the drought-stricken areas, the

season has been far from satisfactory, with the result that relief is necessary. If the position has not improved by the end of 1936, Parliament will probably again have to give this question its consideration. Applications for drought relief dealt with under the Act of last year have been dealt with for the half year ended the 31st December. Those in respect of the year ended December will be considered at the expiry of that period, and I am informed, in this connection, that quite a number of persons who were not entitled to remissions for the six months ended December last, will secure full or partial relief for the current year. To date 395 applications have been dealt with by the Pastoral Appraisement Board, and remissions were granted in 316 cases, amounting, in the aggregate, to £35,896 for the half-year I have mentioned. In view of the criticism voiced against the administration of last year's amending measure by certain members of this House earlier in the session, I should again like to emphasise that not one complaint has been made by the Pastoralists' Association regarding the recommendations approved by the Minister. There have been cases where applications for remissions have failed, as the figures I have quoted indicate. In such cases, however, the applicants concerned were not entitled to remissions, which are based solely on losses of stock through drought. I am inclined to think that some applications were made for other reasons than the fact that there had been losses of stock through drought. I need not stress the necessity for continuing the assistance given to the pastoralists under last year's measure, but I do propose to indicate briefly, for the information of the House, their actual stock and clip losses over the past three years. The figures I have to quote provide a good reason for this measure, and will show members the serious position in which pastoralists still find themselves in some of our best districts. In 1934, the total number of sheep shorn in the pastoral areas was 5,593,718; in 1935, 5,448,667. By the end of 1936, however, the figure had fallen to 3,558,295—a loss of over 2,000,000 sheep in three years. Owing to the diminution in the average yield per sheep, the decline in the wool clip was even proportionately greater. Thus, while in 1934 the clip totalled 46,270,653 lbs., and in the following year 41,801,975 lbs., it had in 1936 fallen to 21,798,970 lbs.—a decline of 53 per cent. compared with the figure for 1934. During

the same period the corresponding loss in flocks was 36 per cent. A very serious repercussion of the drought has been the huge decline in the natural increase. Lambs shorn in the pastoral area during 1934 numbered 932,000; in 1935, 776,000, but in 1936 only 109,000. With regard to the current year, information from the Kimberley, Port Hedland, Roebourne, Ashburton and Gascoyne districts indicates that further losses have been sustained since the last shearing.

Hon. T. Moore: And that was our best centre for this year.

The CHIEF SECRETARY: Yes. Details are available for 38 stations, and these show that sheep shorn this year number only 542,351, as compared with 730,167 last year. As I have already mentioned, losses such as these will be considered by the Appraisement Board in connection with applications made for 1937. I have some further figures illustrating the position on certain stations in the districts mentioned. They are as follows:—

Sheep Shorn.			Wool Clip (bales).		
1935.	1936.	1937.	1935.	1936.	1937
Roebourne-Port Hedland District.					
46,807	35,128	20,098	831	495	363
9,464	7,002	3,936	161	105	70
Ashburton District.					
37,296	24,839	12,747	839	400	223
Gascoyne District.					
49,893	33,675	14,738	1,119	643	306

Members may be interested in some instances of losses on stations—I shall not mention names but will use numbers—in respect of which the Pastoral Appraisement Board recommended a remission of 100 per cent:—

	Sheep.		Wool (bales).	
	1934.	1936.	1934.	1936.
No. 1 ..	19,000	2,000	402	44
No. 2 ..	3,000	800	77	12
No. 3 ..	8,000	2,000	240	46
No. 4 ..	35,000	9,000	683	139
No. 5 ..	21,000	7,000	482	147
No. 6 ..	16,000	2,500	350	49
No. 7 ..	92,000	10,000	2,000	200
No. 8 ..	25,000	7,000	589	140
No. 9 ..	7,000	1,800	202	32
No. 10 ..	9,000	2,600	191	52

The figures I have quoted are based on those supplied to the Lands Department, and have been verified as far as possible. From those figures alone members will agree that it is absolutely necessary for this legislation to be continued and they will join with me in the hope that the time is not far distant when conditions will disclose a great improvement upon those that have obtained in recent years.

Hon. E. H. Angelo: The difficulty is to get ewes with which to breed up.

The CHIEF SECRETARY: Yes, and it will take a number of years for stations to reach their normal capacity. In the meantime it is essential that further assistance be given the pastoralists, and I have much pleasure in commending the Bill to the House. I move—

That the Bill be now read a second time.

HON. G. B. WOOD (East) [9.52]: The Bill provides a very desirable amendment to the Land Act. I congratulate the Minister for Lands upon having introduced the legislation. There is no doubt that the provisions of the Land Act have tied the Minister's hands for years with regard to many holdings, particularly those in the North-Eastern wheatbelt, where it has been proved that 1,000 acres of land is not sufficient for a holding. The position there is very similar to that disclosed in some parts of South Australia where the holdings were found to be too small and altogether too restricted. Experience has shown that present-day holdings in the North-Eastern wheatbelt are not suitable for the growing of wheat alone, and sheep are necessary as well. It would be far better to provide the farmers with 2,000 acres, and while I congratulate the Government on the proposal to do that, it will be quite useless unless adequate supplies of good water are also available. If that is not so, I am afraid there will be a greater tragedy than that experienced from the growing of wheat alone. I will leave members representing the pastoral areas to deal with the legislation from that standpoint, and will content myself with these few references to the Bill as it affects the outer wheatbelt.

On motion by Hon. T. Moore, debate adjourned.

BILL—FARMERS' DEBTS ADJUSTMENT ACT AMENDMENT.

Second Reading.

THE CHIEF SECRETARY (Hon. W. H. Kitson—West) [9.54] in moving the second reading said: The purpose of this Bill is to extend for a further period of three years the duration of the principal Act, which expires on the 31st March next. As members are aware, it is now seven years since the original legislation was enacted providing for the adjustment of the debts of

farmers hit by the depression. Although the position to-day is not so acute as it was some years ago, the necessity for the continuation of this measure still exists. With regard to operations under the Act during this and the previous year, I am informed that these have been virtually confined to applications in connection with Section 11. That section, which deals with schemes for the writing down or suspension of debts, links up, of course, with the Rural Relief Fund. At the end of last season, the number of farmers operating under Section 5, which provides for receivership control, totalled 265. Of this number 181 have had their accounts adjusted under Section 11. Applications received up to the end of September last totalled 2,990, and 2,161 of these have been dealt with. Rejected applications numbered only 55. The trustees have been enabled to finalise 1,680 cases. Included among these were a number of settlers who had liabilities to the Agricultural Bank amounting to £2,710,215. The Bank has agreed to write off £655,577 of this sum. Turning now to the liabilities of farmers to unsecured creditors, I find that these totalled £908,727. Payments amounting to £225,493 were made from the Rural Relief Fund to these creditors, while they themselves wrote off £662,983, leaving an adjusted debt of £20,251. Members will see that in these cases payments from the fund were equivalent to, approximately, 5s. in the £. Advances from the fund amount to £511,387, while the total amount written off farmers' liabilities totals £1,697,105. Repayments to the fund by farmers who have received assistance total £1,128. The Government believe that there is every reason to continue the operations of this measure for a further period of three years, and I have much pleasure in moving—

That the Bill be now read a second time.

Question put and passed:

Bill read a second time.

In Committee.

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

House adjourned at 10 p.m.