

# Legislative Council,

Thursday, 20th December, 1934.

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The PRESIDENT took the Chair at 2.30 p.m., and read prayers.

## BILL—LOTTERIES (CONTROL) AMENDMENT.

*As to Third Reading.*

Order of the Day read for the third reading of the Bill.

The HONORARY MINISTER: I move—

That the consideration of the order be postponed until after consideration of order of the day No. 6.

Hon. H. SEDDON: I move an amendment—

That the question be now put.

The PRESIDENT: I wish to explain that the Honorary Minister has moved the motion for postponement at my request. The Chairman of Committees has not yet arrived, and he has not signed the certificate. Until I have the certificate, I cannot put the question for the passing of the third reading.

Hon. H. SEDDON: In view of the explanation, I withdraw the amendment.

Motion (postponement) put and passed.

## BILL—DEATH DUTIES (TAXING).

*Second Reading.*

THE CHIEF SECRETARY (Hon. J. M. Drew—Central) [2.38] in moving the second reading said: This Bill is necessary to implement the Administration Act (Estate and Succession Duties) Amendment Bill, which was recently dealt with in this Chamber. In the original Administration Act the taxing provisions were combined with the assessment provisions, but an alteration was made in the Constitution Act in 1921, which provided that a taxing Bill must not contain any clause other than clauses dealing with taxation. To conform with that law, this Bill has been introduced. A mistake has been made in the Fourth Schedule to the Bill. An amendment made by this Chamber provided that there should be an exemption of £1,000 in shares in foreign companies, but the Bill as printed provides for an exemption of only £200. I discovered this error when examining the Bill and immediately got into touch with the Parliamentary Draftsman. It appears that two copies of the Bill were drafted before the assessment Bill was finally dealt with. The Parliamentary Draftsman corrected one copy for the printer, but unfortunately that copy was lent to a Minister and by inadvertence the unaltered copy was sent to the printer. The matter will have to be adjusted by a request to another place to amend the schedule.

This Bill is brought forward to impose rates of duty on: final balances of the estates of deceased persons; settlements; property accruing under other non-testamentary dispositions; and shares of deceased shareholders in foreign companies. As promised by the Government, no alteration has been made in the rates of duty which have hitherto been applicable. An exemption has been made up to £200, which does not at present appear in the taxation provisions. The Government have also carried forward the old half-rate exemptions in favour of widows, widowers, parents and issue of deceased persons, provided that such beneficiaries were bona fide residents of and domiciled in Western Australia at the date of the death.

Company duty is an entirely new form of duty and the half-rate provision has not been inserted in the scale applicable to it. Inasmuch as companies are taxed, a fixed

scale should be chargeable as is done in the other States, and there should be no concession rates at all. A company should know where it stands regarding the payment of duty. All sorts of complications might occur if concession rates were allowed companies. In many cases it would be difficult, if not impossible, for a company to ascertain who were the persons beneficially entitled on the death of a shareholder, and it would be in a dilemma as to the proper rate of duty chargeable. By referring to the schedules to the Bill, members will be able to understand the rates of duty proposed to be charged. The Fourth Schedule, of course, will require to be amended. I move—

That the Bill be now read a second time.

**HON. J. NICHOLSON** (Metropolitan) [2.45]: Members will observe that there are four schedules to the Bill containing the rates of duty. These rates are in accordance with the schedule existing in regard to probate duties payable under the existing Act, and vary from one per cent to ten per cent. One could comment upon the rates, but having regard to the fact that these are the rates which prevail for probate duties there is not the same justification for advancing any argument against them so far as estate duties are concerned. There is one point in regard to the rates imposed for successions with which I would like to deal. This has to do with the second or third schedule. A person may succeed to a property by virtue of some settlement or non-testamentary disposition. According to the schedule, upon succession his interest will be rendered liable to the same rates of duty as would be payable in respect to the probate duty upon that person dying. It will also be remembered that Sir Walter James took a deep interest in the Assessment Bill, and went to considerable trouble in looking up matters and generally assisting the select committee. I have received a letter from him in regard to the Bill. Dealing with the third schedule he says—

The third schedule appears to me to deal with successions, and it does not seem to be just that the same rate of taxation should apply in relation to successions.

I am inclined to agree with that view.

If a man makes a will leaving a life estate to "A" and then disposes of his property

subject to that life estate, taxation is at once paid in the nature of estate duty on the whole of the property, the life tenant bearing his or her share of the duty.

The same rates are applicable in the case of successions as would be payable under the first schedule, which is really equivalent to our present probate duty.

If, when "A" dies, there is to be a tax of 10 per cent. on the benefit which accrues to the residuary estate by reason of a cesser of the life estate, then it seems to me you get double taxation.

I think he is right, because the same rate of duty is payable on the succession as is payable on the estate when the man dies. That obviously is wrong.

Such a case of a will dealing with residuary estate subject to an annuity for life to the widow arose in England, and on the death of the widow succession duty was claimed against the residuary estate. The English Succession Duty Act, 1853, 16 and 17 Viet. 51, deals in Section 10 with duties on successions, and you will note by perusing it that the rates of taxation are relatively light.

I think they vary from one per cent. to five per cent., instead of our variation from one per cent. to ten per cent. There are in addition various exemptions given, under the English Act, to relatives which makes the position much easier in the case of successions. I do not think it fair that the same duty should be chargeable on successions as is payable when the individual dies. I hope it will be possible for a review of this particular schedule to be made. I communicated with the Parliamentary Draftsman on this matter, but as he is so very busy just now I was unable to see him personally. I would urge that the matter should be inquired into so that between now and to-morrow some decision may be arrived at. I also sent the Parliamentary Draftsman a copy of Sir Walter James' letter. I have no objection to offer to the Bill. When the Assessment Bill was considered it was stated that the rates of duty would probably correspond with what was in the existing Act.

**Hon. G. W. Miles:** Are you satisfied with what the Chief Secretary said about companies?

**Hon. J. NICHOLSON:** The Chief Secretary has an amendment on the Notice Paper to make the starting point £1,000 instead of £200. The main point in his re-

marks about the fourth schedule was the necessity for correcting a very excusable error.

**THE CHIEF SECRETARY** (Hon. J. M. Drew—Central—in reply) [2.55]: It is true Mr. Nicholson communicated with the Assistant Crown Solicitor and wrote to him on the 19th of this month. In that letter he conveyed the information that he has given in his speech this afternoon. When I brought down the Assessment Bill I indicated there was no intention to increase the rates of taxation. The select committee took that into consideration when making its inquiries. I have been informed by more than one member of that committee that under the amendments that were recommended the Government would obtain even more revenue than had been anticipated. Mr. Nicholson now proposes to whittle down the amount to be received

Hon. J. Nicholson: It is not a whittling down, but an adjustment.

The **CHIEF SECRETARY**: I have received the following communication from the Assistant Crown Solicitor. He says—

I am looking into the points raised by Mr. Nicholson. I feel sure they can be answered, and that the writer of the letter to him has not made a proper comparison of the position in England with the position here. At all events a perusal of the South Australian Act, which imposes duty on a similar set of dispositions to that enumerated in Clause 28 of the Bill, imposes the same rate of duty on this class of disposition as in regard to other classes of disposition, and what is more the rates are considerably higher than our rates. There is always a danger in comparing our legislation with the English legislation in regard to death duties. The English revenue provisions are not so simple as ours, and they have a number of separate duties imposed under different Acts.

I think the hon. member had ample time in which to place amendments on the Notice Paper.

Hon. J. Nicholson: I was hoping to get into touch with the Crown Law Department.

The **CHIEF SECRETARY**: The Assistant Crown Solicitor is to a large extent at sea on the matter.

Hon. J. Nicholson: I gave him the information as soon as I received it.

The **CHIEF SECRETARY**: After what the select committee has done and the success which has attended their efforts, and my

assurance that there would be no interference with the rates of taxation, I do not know what more Mr. Nicholson requires.

Hon. J. Nicholson: I am not quibbling about the rates of any of the schedules except those in the third schedule dealing with successions. These should be on a more moderate scale. Even in Queensland the succession rates are lower.

The **CHIEF SECRETARY**: Will the hon. member prepare an amendment?

Hon. J. Nicholson: I will endeavour to do so.

Question put and passed.

Bill read a second time.

## **BILL—KING'S PARK AND UNIVERSITY LAND EXCHANGE.**

### *Second Reading.*

**THE CHIEF SECRETARY** (Hon. J. M. Drew—Central) [3.1] in moving the second reading said: The object of the Bill is to ratify an agreement arrived at between the University Senate and the King's Park Board under which the eastern portion of lot 490, situated on the eastern side of Winthrop-avenue, and forming portion of King's Park, will be transferred to the University Endowment Trustees in exchange for portion of location 3087 on the west side of Winthrop-avenue. The reason for the exchange is to provide for a better and more picturesque entrance to the park and to enable a more imposing view of the University to be obtained from the entrance to the park. A lithograph that I caused to be tabled shows the area to be transferred by the University to King's Park coloured green and the portion to be transferred to the University coloured blue. The University already owns the adjoining land. Mr. Nicholson requested certain alterations to the wording of the Bill, and to meet his wishes, I have given notice of amendments on the lines suggested by him. If further explanation is necessary, I believe it can readily be supplied by Mr. Nicholson. I move—

That the Bill be now read a second time.

**HON. J. NICHOLSON** (Metropolitan) [3.3]: I second the Chief Secretary's motion, and endorse all that the hon. gentleman has said regarding the objects of the

Bill. Hon. members are acquainted with the entrance at what is known as the Crawley end of the King's Park. There is a road known as Winthrop-avenue leading from Thomas-street to the Perth-Fremantle-road. As Mr. Franklin is aware, many years ago the King's Park Board, of which I happen to be a member, secured from the Government a piece of land with a frontage to Perth-Fremantle-road, on the eastern side of Winthrop-avenue, the intention at the time being to use that particular area as an entrance to the park at the Crawley end. In the course of years, however, a road had to be declared; and the road severed that land from the park land. It was found impossible to carry out the original intention of making the entrance from the Perth-Fremantle-road. In the interests of the public it is desirable that there should be as attractive an entrance as possible at the Crawley end of our park.

Hon. G. W. Miles: But that approach will not be fenced?

Hon. J. NICHOLSON: No. The piece of land which the King's Park Board have is really part of Class A reserve 1720, the same reserve as the park itself. The University authorities happen to own the land on the western side of Winthrop-avenue. They desire to extend their land, and therefore ask that the King's Park Board should cede one-half of the land owned by the board on the eastern side of Winthrop-avenue. In return the University authorities will be prepared to transfer to the board the other piece of land on the opposite side of Winthrop-avenue, so that the board may beautify that land and make as graceful an entrance as possible.

Hon. G. W. Miles: The board are giving away more land than they are receiving.

Hon. J. NICHOLSON: The board are not really giving away more land, and are receiving better land. As the plan shows, the King's Park will have on each side of the road a frontage which will lend itself to beautification, and the whole area will form a fine entrance to the park at Crawley as development takes place. Moreover, the exchange will overcome the difficulty which was created by the declaration of the road to which I referred earlier. The amendments which will be moved by the Chief Secretary are amendments which were found to be necessary

because of certain instructions being misunderstood by the officer of the Crown Law Department who drafted the Bill. With the amendments on the Notice Paper, everything will be in order.

Question put and passed.

Bill read a second time.

#### *In Committee.*

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

Clause 1—agreed to.

Clause 2—Portion of land in reserve A1720 (King's Park) excised therefrom and vested in the University of Western Australia:

On motion by the Chief Secretary, all the words after "are," line 4, down to "respectively," line 13, struck out, and the following inserted in lieu:—"dealt with as follows:—

- (a) the land described in Part I of the First Schedule hereto shall be and is hereby vested for an estate in fee simple in the University of Western Australia; and
- (b) the lands described in Part II. and Part III. respectively of the said First Schedule shall be and are hereby vested for an estate in fee simple in the City of Perth for the purpose of additions to Winthrop-avenue aforesaid."

Clauses 3, 4, First and Second Schedule—agreed to.

Preamble:

On motion by the Chief Secretary, all the words after "whereas," line 4, down to "aforesaid," line 10, struck out, and the following inserted in lieu:—"it is deemed desirable to improve and widen that part of Winthrop-avenue which adjoins Reserve A1720 (King's Park), and for that purpose it is necessary that certain portions of the land in the said reserve be excised therefrom; and whereas the said University desires a certain portion of the land comprised in the said reserve for University purposes, and, in consideration of such portion being excised from the said reserve and vested in the University, has offered in exchange portion of its said land in Swan location 3087 aforesaid."

Title:

The CHIEF SECRETARY: I move an amendment—

That the following words be added to the Title: "and for other purposes relating to the said reserve."

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

Bill reported with amendments and an amendment to the Title, and the report adopted.

### *Third Reading.*

Bill read a third time and returned to the Assembly with amendments.

## **BILL—ROAD DISTRICTS ACT AMENDMENT (No. 4).**

### *Second Reading.*

Debate resumed from the 13th December.

**HON. H. TUCKEY** (South-West) [3.20]: If the amendment embodied in the Bill were submitted for approval to the road boards throughout the State, I believe they would reject the proposal. I have had experience extending over 20 years in connection with road board affairs and I am of opinion that the boards already have sufficient to occupy their attention without engaging in the manufacture of ice. I am prepared to support the granting of authority to the Meekatharra board or any other local governing body similarly situated, but each application along those lines should be treated on its merits. I believe if the Bill were to be agreed to in a form that would have general application to all road boards, it would not be in the best interests of local governing authorities. I shall oppose the second reading of the Bill.

**HON. T. MOORE** (Central—in reply) [3.21]: Some members have taken exception to the State-wide application of the amendment included in the Bill. The Bill is in the hands of members and it will be quite easy to amend it. My main object is to provide the Meekatharra Road Board with the power they desire.

Hon. A. Thomson: Have you an amendment prepared along those lines?

Hon. T. MOORE: An amendment already appears on the Notice Paper. With regard

to the manufacture and sale of ice chests, I have been given to understand that the idea is that the whole of the material necessary for the construction of a certain number of ice chests can be cut to order, railed to Meekatharra and put together there. The ice chests can then be sold at reduced prices on the hire-purchase system. By that means the ice works will operate quickly and, by the utilisation of the hire purchase system, the board will not stand to lose anything. The ice chests will be supplied to residents—good solid people who have been there for many years—so there will be nothing to fear in that regard. I commend the Bill to the House.

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

Ayes	..	..	..	..	17
Noes	..	..	..	..	7

Majority for .. .. 10

AYES.	
Hon. E. H. Angelo	Hon. W. H. Kitson
Hon. C. F. Baxter	Hon. W. J. Mann
Hon. J. Cornell	Hon. R. G. Moore
Hon. L. Craig	Hon. T. Moore
Hon. J. M. Drew	Hon. H. V. Piesse
Hon. C. G. Elliott	Hon. H. Seddon
Hon. J. T. Franklin	Hon. C. H. Wittenoom
Hon. G. Fraser	Hon. H. S. W. Parker
Hon. E. H. H. Hall	(Teller.)

NOES.	
Hon. V. Hamersley	Hon. J. Nicholson
Hon. J. J. Holmes	Hon. A. Thomson
Hon. J. M. Macfarlane	Hon. H. Tuckey
Hon. G. W. Miles	(Teller.)

Question thus passed.

Bill read a second time.

### *In Committee.*

Hon. J. Cornell in the Chair; Hon. T. Moore in charge of the Bill.

Clause 1—agreed to.

Clause 2—Amendment of Section 162:

Hon. A. THOMSON: I was under the impression that the Bill was to be withdrawn and an enabling Bill introduced to furnish the Meekatharra Road Board with the power they desire. I have no objection to the board providing ice, but I do not think they should engage in the manufacture of ice chests. I move an amendment—

That in lines 3 and 4 of proposed new Subsection 28 the words, "and/or the manufacture and sale or sale without manufacture of ice chests" be struck out.

If we permit the board to manufacture and sell ice chests on time payment other local authorities will claim the same right. Surely private citizens should be given opportunity to carry out that enterprise.

Hon. T. MOORE: I have already given reasons for having those words in the Bill. If the whole of the ice chests were made in Perth, there would be truckloads going to Meekatharra, instead of a few small bundles of cut timber. I am afraid no private citizens in Meekatharra will undertake this work.

Hon. L. CRAIG: It is only right that the road board should have power to manufacture and sell ice, but it would be dangerous to permit road boards to start small ice-chest factories. It would be quite easy for a carpenter up there to obtain the materials for the ice chests and put them together. I will support the amendment.

The CHIEF SECRETARY: Some time ago I was approached by the people of Meekatharra and asked to inquire at the Public Works Department whether, under existing legislation, the road board had power to carry on ice works. It was found the Act did not go sufficiently far, and so the Bill became necessary. Hitherto ice for Meekatharra has been purchased at Geraldton, at great inconvenience, and the whole system is unsatisfactory. Efforts have been made to induce private enterprise to come into the venture, but there has been no response. The road board have made a success of their electricity works, and should be allowed to follow it out to its logical conclusion. Now some members who have been hostile to the Bill want to block the people of Meekatharra from securing ice chests.

Hon. G. W. Miles: No.

The CHIEF SECRETARY: The success of the enterprise depends on making ice chests available on the time-payment system.

Hon. J. Nicholson: It is not a proper function for a road board.

The CHIEF SECRETARY: The hon. member thinks so. The majority of the residents of Meekatharra are entirely in favour of it.

Hon. L. Craig: Are the people of Meekatharra so poor that they cannot buy small ice chests, or make them?

The CHIEF SECRETARY: That would be still more objectionable to Mr. Nicholson.

Hon. J. Nicholson: Not at all.

The CHIEF SECRETARY: I have satisfied myself that the road board will not be entering into competition with any established business.

Hon. H. SEDDON: I am in sympathy with Mr. Moore, but I see the danger of having the Bill in its present form. It makes an amendment in the Road Districts Act, which will result in entitling any other local authority to take advantage of that amendment.

Hon. J. Nicholson: There should be no amendment of the Road Districts Act.

Hon. G. W. MILES: Mr. Moore would have been better advised had he brought down an enabling Bill, giving the necessary authority to the Meekatharra Road Board. If the Committee were to defeat the Bill, Mr. Moore could bring in an enabling Bill, which would be passed in five minutes.

Hon. H. S. W. PARKER: I am strongly opposed to State trading in any form. I do not like the form of the Bill, but I do not think it matters two straws because, whether this provision is put in the Road Districts Act or in some other Act, it is for Meekatharra, and Meekatharra alone. So I will support the clause. The board cannot make a success of the manufacturing of ice unless the people have somewhere to put the ice when they get it.

Hon. G. W. Miles: Private enterprise could supply the ice chests.

Hon. H. S. W. PARKER: If private enterprise wishes to supply ice chests, there is nothing to prevent it doing so. The road board are in a position to supply ice chests at cost, and this is a case where they do not desire to make a profit. I am against any form of State trading, but in this instance the community at Meekatharra is a small one and should be granted the facilities they are asking for.

Hon. V. HAMERSLEY: I wonder the Government did not bring in this Bill. Why did they leave it to a private member to introduce?

The CHAIRMAN: The hon. member must confine his remarks to the amendment, whether or not the Meekatharra Road Board should be given the right to manufacture ice chests.

Hon. V. HAMERSLEY: I am opposed to that or any other board being given that right.

Hon. E. H. H. HALL: It is surely straining the point to declare that this is a form of State trading. There is no desire to make a profit; the sole object is to provide for the convenience of the people in that area. Private enterprise has not established ice works in Meekatharra, and the road board have gone to the rescue.

The CHAIRMAN: The House has approved of the principle of ice works being established. The question is now whether or not ice chests shall be built.

Hon. E. H. H. HALL: Nobody has thought it worth while to step in and make ice chests, and therefore the road board should be given the right they are asking for.

Hon. C. F. BAXTER: Road boards are composed of members who work in an honorary capacity and they have enough duties to shoulder without being given others.

Hon. E. H. H. Hall: The members themselves do not think that.

Hon. C. F. BAXTER: Never mind what they do think; it is the duty of Parliament to see that there is no extension of trading by the Government or local bodies. The House has already agreed to the establishment of ice works and we should not now go further. If this principle is granted to the Meekatharra board, many other boards will come in and prefer similar requests.

Hon. L. B. BOLTON: I am definitely opposed to State or municipal trading of any sort, and therefore will oppose the clause.

The CHAIRMAN: The hon. member must speak to the amendment.

Hon. L. B. BOLTON: This is the thin edge of the wedge, and I shall oppose the proposal. I can visualise what will happen: in the future when private enterprise wants to step in it will find it impossible to compete with the local authorities.

Hon. R. G. MOORE: The principle involved here is the wish of the people of Meekatharra. If the people there want the local body to build ice chests, permission to do so should be granted. The people themselves are those who are concerned, and they should know what they require. The function of a road board or a municipality is to look after the funds of the ratepayers, and if a profit is made it goes back into the pockets of the people. This is purely a local matter, and there is no intention to manufacture ice chests to send to Perth.

Hon. J. M. MACFARLANE: Having expressed myself in favour of granting permission to Meekatharra to make ice, I do not propose to go any further. The Chief Secretary said it was proposed to raise a loan of £1,500 for the manufacture of ice and ice chests.

The CHAIRMAN: Order! The hon. member must discuss the amendment.

The Chief Secretary: The cost of machinery and everything is estimated at £1,000 to £1,500.

Hon. J. M. MACFARLANE: The figure is too low to provide an effective scheme.

Hon. G. FRASER: I oppose the amendment. There is nothing in the clause to give the road board a monopoly of manufacturing ice chests. I am surprised at the attitude of country members who generally advocate decentralisation. If the board be prevented from supplying ice chests, they will be made in the city. The local authority is to be congratulated on its efforts to provide the ratepayers with a service that hitherto they have lacked.

Hon. A. THOMSON: I object to the Meekatharra board being empowered to make and sell ice chests, because other boards would be entitled to ask for a similar privilege.

Hon. G. Fraser: Meet that obstacle when we come to it.

Hon. A. THOMSON: Undoubtedly we shall reach it. Is there any reason why the road board should not also undertake the manufacture of furniture and other household requirements?

The CHAIRMAN: There is no reference to other household requirements in the clause.

Hon. A. THOMSON: The same principle is involved.

The CHAIRMAN: Would it not be better to postpone that until the clause is under discussion?

Hon. A. THOMSON: I wish you would allow me to state the facts in my own way.

The CHAIRMAN: I shall not allow the hon. member to do that. Other members have been required to confine their remarks to the amendment, and he must do the same.

Hon. A. THOMSON: I am entitled under the rules of the Chamber to prove by comparison how far-reaching the proposal is.

The CHAIRMAN: The hon. member must not make another second reading speech. He has made two or three already.

Hon. A. THOMSON: I will make as many as I like.

The CHAIRMAN: The hon. member will not; he will confine himself to the amendment.

Hon. A. THOMSON: I am entitled under the rules—

The CHAIRMAN: The hon. member contends that he is conforming to the rules of debate. I say he is not, and I want him to point out the Standing Order that I am wrongly interpreting.

Hon. A. THOMSON: I consider I am justified in submitting my arguments. However, I shall not occupy further time.

Hon. T. MOORE: If members could hear the case submitted by the road board, I feel sure there would be an overwhelming majority in favour of the proposal. The ratepayers have been agitating to get those facilities; they understand the position and are prepared to shoulder the responsibility. In the circumstances we should not deprive them of a small luxury.

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

Ayes	..	..	..	14
Noes	..	..	..	11
Majority for				3

#### AYES.

Hon. C. F. Baxter	Hon. W. J. Mann
Hon. L. B. Bolton	Hon. G. W. Miles
Hon. L. Craig	Hon. J. Nicholson
Hon. J. T. Franklin	Hon. H. V. Plesse
Hon. V. Hamersley	Hon. A. Thomson
Hon. J. J. Holmes	Hon. H. Tuckey
Hon. J. M. Macfarlane	Hon. H. J. Yelland

(Teller.)

#### NOES.

Hon. E. H. Angelo	Hon. R. G. Moore
Hon. J. M. Drew	Hon. T. Moore
Hon. C. G. Elliott	Hon. H. S. W. Parker
Hon. G. Fraser	Hon. H. Seddon
Hon. E. H. H. Hall	Hon. C. H. Wittenoom
Hon. W. H. Kitson	

(Teller.)

Amendment thus passed.

The CHAIRMAN: A consequential amendment to strike out the words "and/or ice chests" will be made.

Hon. T. MOORE: I move an amendment—

That the following proviso be added:—  
"Provided that the powers conferred by Sub-section 28 of this Act shall, until Parliament otherwise declares, be exercisable by the Meekatharra Road Board only."

The Crown Solicitor assures me that this amendment is in order. Members have said that if this question had been brought forward in the guise of an enabling Bill, other road boards would have known of the right that was being given to Meekatharra. That will be known in any case.

Hon. A. THOMSON: I am not opposing the granting of this right to the Meekatharra Road Board. My main objection was that this was being done through an amendment to the Act. I would have supported wholeheartedly an enabling Bill.

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

Title—agreed to.

Bill reported with amendments and the report adopted.

#### Third Reading.

Bill read a third time and returned to the Assembly with amendments.

### BILL—APPROPRIATION.

#### Second Reading.

Order of the day read for the resumption from the 22nd November of the debate on the second reading of 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—STATE GOVERNMENT INSURANCE OFFICE.

#### Second Reading—Defeated.

Debate resumed from the 13th December.

HON. C. F. BAXTER (East) [4.26]: The object of the Bill is to legalise the State Insurance Office which at present is operating illegally, and also to bring that office under the State Trading Concerns Act, 1916. Three previous attempts, namely in 1926, 1927 and 1932, were made to pass Bills of this nature through this House, either to legalise the State Insurance Office or to empower the Government to transact insurance business legally. On each occasion the

Bill was defeated. In justification for the measure now before us, the Honorary Minister has stated that wherever State insurance has been established, it has had a beneficial effect upon both the workers and the employers. That is not correct, as evidenced by the comparatively small amount of insurance placed with State offices compared with that placed with private companies. Wherever the State is in competition with companies, the employers prefer to do their business with the latter. The workers would rather deal with a private concern than a Government department. In the case of insurances with companies there is a certain amount of elasticity, but in the case of a Government office, the officials have to stick closely to rigid control. The Honorary Minister also stated that in Western Australia the State office had become necessary to protect the employers and employees in the goldmining industry, because the companies had refused to insure miners' diseases under the third schedule of the Workers' Compensation Act except at exorbitant premiums. That statement is not correct. For the benefit of new members I will explain the situation. The Workers' Compensation Act, 1912-24, was brought into operation by the Government on the 1st March, 1925. The Act carries with it an obligation upon every employer to obtain from an incorporated insurance office approved by the Minister a policy of insurance for his liability to pay compensation under the Act for all workers employed by him. The Minister for Works at that time decided to consult the insurance companies, with the result that an agreement was entered into between them and the Government, whereby the existing rates were to be subject to an increase of 25 per cent. to cover the extra liability created by the Act. This increase, the companies considered, was not at the time sufficient to cover the heavy additional liability which the Act imposed on employers; but they agreed to carry the business for 12 months under the arrangement that the rates were to be reviewed at the end of that period, and revised in an upward or downward direction as considered necessary. The 12 months expired; and the results of the business showed that the increase which was suggested by the Minister had failed to meet the heavy liability created, and claims were daily becoming more numerous. At

the time the agreement was made with the Government, the companies stated they were not in a position to decide whether they could cover the miners' diseases of pneumoconiosis, miners' phthisis, etc., as they had not sufficient data on which to base a rate. It was therefore agreed that inquiries should be made, both by the Government and the companies, with a view to estimating the liability and arriving at a rate for these diseases. The Government appointed a special committee, of which the Government Actuary, Mr. Bennett, was chairman; and this committee duly submitted their report to the Minister, who made the report available to the companies. This committee arrived at the conclusion that the miners' diseases business could be done at an extra rate on ordinary workers' compensation rates of £4 10s. per cent. The companies also made inquiries and ascertained that in other places, such as New Zealand and Tasmania, where an insurance scheme to cover these risks had been introduced, it had afterwards to be withdrawn on account of the risk being so great that even the State insurance offices refused to do the business; and that in Queensland, where the Workers' Compensation Act extended to miners' diseases, the rate charged to the mining companies had not been nearly sufficient to meet the liability, and many thousands of pounds had to be transferred from other funds to meet the deficiency. It was also discovered that the Queensland State Government Insurance Office's position with regard to the miners' diseases business disclosed that the claims, plus administration expenses over a period of eight years, amounted to over £260,000; that the maximum liability in Queensland is £400, as against £870 in Western Australia; and that the number of men engaged in the gold-mining industry in Queensland was only about one-ninth of the number employed in the industry in Western Australia. The position in South Africa had not been met by insurance, but by the appointment of a board which not only controls the payment of moneys by the mining companies but has control of the men employed. The compensation paid out for miners' phthisis claims in South Africa, with all its modern methods of mining, has been enormous. In dealing with the South African position, the companies had also the report of the Hon. James Cornell, M.L.C.,

dated June, 1922, in which, after reviewing the South African position, he states, when referring to the position in Western Australia—

Legislation should not impose retrospective obligations on a section of industry, especially on one which unfortunately is now in a declining condition. How the cost of such compensation, which doubtless will be a serious amount, is to be met will be best considered when the medical survey has been made, and the actual statistics are in hand on which actuarial compilations can be made. It is not at all unlikely that loan moneys may have to be resorted to in order that an adequate fund may be established to deal with the compensation claims.

Western Australia is greatly indebted to Mr. Cornell for his various reports, which have proved highly valuable. The results of the working of the local Mine Workers' Relief Fund were also reviewed; but it was found that these gave little assistance, on account of the small amount of weekly payments made to individuals coming within the scope of its operations, and further that a large number of men who were admitted as cases for assistance were so badly affected that they were totally unfit for work of any kind, and only sought assistance from the fund when the disease had reached such a serious stage that they were unable to work. Further, the fund was a voluntary one, and there was no guarantee of its continuance, so that there was no inducement for men to take advantage of the fund until it was impossible for them to do anything else. After reviewing the position, but before a decision was arrived at regarding insurance, the Government proclaimed the Miners' Phthisis Act, 1922, to come into operation as from the 7th September, 1925. This Act gave the Government power to medically examine the whole of the men engaged in the mining industry, and a start was made immediately after that date with the examination of the men. The insurance companies anticipated that the result of the medical examination would be made available to assist them in arriving at a decision as to whether the risk could be insured. The Minister, Mr. McCallum, in November, 1925, advised the companies that the examination of the miners under the Miners' Phthisis Act was proceeding and had reached the stage when it was considered a preliminary conference with the companies should take place. At that

date about 700 miners had been medically examined, and the examination had disclosed that 3 per cent. of the men were affected with tuberculosis. These were to be removed from the mines. In reviewing the matter from the position created by the Miners' Phthisis Act, especially in view of Section 8, which reads—

Whenever a medical officer or practitioner appointed under this Act reports in writing to the Minister that a person named in such report and engaged in mining operations has so developed symptoms of miners' phthisis, uncomplicated by tuberculosis, as to indicate that further employment on, in or about a mine or part of a mine to which this section applies may be detrimental to his future health, the Minister shall, by notice in the prescribed form, notify such person accordingly—

it was thought by the companies that men so affected and notified could be considered potential claims under the Workers' Compensation Act in the near future, and that before any further consideration could be given to the matter, the number of men who were to be notified by the Minister should be supplied in order to assist the companies in arriving at a decision. Letters were sent to both the Minister for Mines and the Minister for Labour, but the information was refused, Mr. McCallum stating that the information was confidential. The companies, however, could not agree with this statement, as there is no obligation imposed by the Miners' Phthisis Act to treat the number of men affected as confidential, but only the names of persons who may have submitted themselves for examination. In view of the refusal of the responsible Ministers to disclose information which was in their possession, and which would have materially assisted the companies in arriving at a decision, it was impossible to make any further progress. The companies continued to make inquiries from such sources as were available to them, and could only assume that the refusal to supply vital information indicated that a very large number of men were already affected with disease, and that it was not in the interests of the community to disclose their condition, and, further, that as the Government would not guarantee the companies against loss the liability was very large. It would further appear that companies were to be expected to take on retrospective liability for which no premium had been received, that the impossibility of

fixing a rate which would create a sufficient fund to meet such retrospective liability was apparent, and that the liability could not be paid even by a successful industry, much less a declining one, such as mining. Is it any wonder that the companies withdrew? In plain language, they were forced to withdraw. The Minister also stated that in this State the State office had become necessary to protect the employers and employees in the goldmining industry, because the companies had refused to insure the miners' diseases under the Third Schedule of the Workers' Compensation Act, except at an exorbitant premium. This is incorrect. Now let us turn to the operations of the State Insurance Office. No balance sheet has been issued, and yet we are asked to believe that profits have been made. According to the Auditor General's report, the only section which shows a surplus is the industrial disease section, of which the State has a monopoly, whereas in those sections with which the office is in competition with the companies, the office shows a loss. Even the miners' diseases section results are open to question, because we find that £419,417 has been paid as compensation for miners' phthisis cases. How much of this amount should have been debited to the workers' compensation section of the State Insurance Office it is impossible to estimate, but £70,000 was transferred from the State office towards the amount. The Auditor General states—

No data has been compiled.

Evidently it would be difficult to compile it, to show whether the proportion is reasonable or otherwise. He further states—

Owing to the more liberal compensation under the Miners' Phthisis Acts, as compared with the Workers' Compensation Acts, the great majority of persons compensated elected to come under the former Acts in lieu of applying for compensation under the latter, thus relieving the State Insurance Office of paying compensation, which otherwise it would have been called upon to meet under its insurance policies relating to industrial diseases.

The absence of a complete balance sheet such as every company is compelled to issue makes it impossible to compare the State office operations with those of a private company; but from such information as is available it would appear that the State Insurance Office, like all other State trading concerns with the exception of the

State Hotels, shows a loss. The aggregate net losses on the State trading concerns to the 30th June, 1934, amounted to £1,833,224. Even with the many advantages the State Insurance Office enjoys, its general accident section, which is in competition with insurance companies, made a loss last year of £7,751. A good deal has been said about the cost of insurance companies. But compared with administrative costs for insurance throughout the world, the companies' costs in this State are no higher than the average cost elsewhere. There is a point below which reduced administrative costs mean loss of efficiency in service to the community. That is one reason why the public prefer to do their business with private companies.

The Honorary Minister: That is a very questionable statement.

Hon. C. F. BAXTER: Not at all. The truth of it is evident in each State that has a Government insurance office. The insurance companies are called upon to pay taxation to the State, which the State Insurance Office has not to pay. But for the companies, that taxation would have to be made up from other sources, and the general taxpayer would have to find the amount. Last year the insurance companies in this State contributed more than £55,000 in direct taxation to the State. Also the amount paid in Western Australia by the companies for salaries, commission, and agents' charges last year exceeded £250,000, practically the whole of which would pay tax to the State. Some might think that to establish an insurance concern is an easy matter. However, insurance is not carried on under rule-of-thumb, but under a strict and far-reaching actuarial system, and is a highly technical business. The actuarial work of the companies is world-wide, and it is imperative that any concern operating must have connection and be in constant touch with world-wide insurance affairs. This the State concern could not do. The alternative is to take the rates as assessed by the companies and undercut them. This, of course, could be done owing to the advantage of escaping many obligations imposed on companies from which the State revenue benefits. The present State office is illegal, but has been tolerated owing to an impost on industry, the risks of which no insurance company could carry. There are those who say that insurance is only an ordinary com-

mercial concern. Actually insurance differs very widely from a mere commercial concern. If we were to establish the Government Insurance Office and if a fire of any great magnitude should occur, how on earth would the State concern be able to meet it? It is only by extending the risk throughout the world that insurance companies are able to meet the risk. It is the re-insurances that make the position safe, and no State concern could carry out its re-insurances through private companies, because the Government department is worked on an entirely different system. The benefits received from insurance companies are apt to be overlooked. It is not generally known that those companies operating in this State have invested in the State more money than has ever been received from the insuring public in premiums as an underwriting surplus. The same applies to the Associated Banks carrying on business in the State. I regard the principle underlying State insurance as wrong theoretically, practically and politically, and as indefensible economically. When considered as a function of Government, insurance is both a technical and a scientific business, and it challenges skill, energy, knowledge and efficiency, all of which are very difficult to obtain under Government control. Also I am of opinion that State insurance is opposed to the interests of organised labour and against the better interests of the working class generally. Nothing that I have said is intended to be taken as a reflection on the employees of the Government.

The Honorary Minister: But you would reflect on the Government Actuary.

Hon. C. F. BAXTER: Not at all, for he is not untrammelled. It is the system that is wrong. All State trading concerns are the same. There cannot be that freedom of action under Government control which is found outside the service. It is not possible to conduct State trading concerns on the same lines as private concerns. This is not a reflection either on Government action or on the employees of the department. It is the system that is to blame.

The Honorary Minister: Could not the Government Actuary supply the necessary service?

Hon. C. F. BAXTER: The Government Actuary cannot be as free as one outside

the service would be. The Minister is trying to make out that State insurance would be free, but I say it cannot be free. State insurance is opposed to the interests of organised labour and, as I have said, is against the better interests of the working man generally. That is proved by the way in which they take advantage of the position when they themselves have to insure. The Minister, when moving the second reading, told us of what has been done in other States. He said that State insurance offices have been established for many years in Queensland, New South Wales, Victoria and New Zealand, and that in every case this has led either to an increase in the benefits to those insured with those offices, or a reduction in the premiums charged. Evidently the Minister has been supplied with incorrect information. Queensland has a State office with a monopoly of workers' compensation business, so there can be no comparison in regard to the rates charged by the State office. But it is interesting to note that the Queensland State office is considering the increasing of rates for the purpose of rebuilding departmental reserves, and that last year the workers' compensation department showed that the premiums received amounted to £350,187, whilst claims and expenses paid amounted to £366,348, after deducting £467 recovered by way of fines and penalties. The premiums received by the miners' phthisis department amounted to £27,139, and the losses and expenses to £35,488. On the other hand, the fire department, which is in competition with the private companies and charges the same rates, showed a profit of £72,697. But this department has only a premium income of £155,524, as compared with the private companies' income of £668,569. Seeing that the Government office would have the business of the Government trading concerns and other large connections which it can command, it would appear that the public prefer to deal with the private companies. So I say the information given to the Honorary Minister was incorrect. Now let us take the New South Wales State office. This has functioned for a few years with varying results and the present Government are now considering restricting its operations and closing down certain departments. The Victorian State office transacts workers' compensation business and charges the same rates as the companies. This office is in-

creasing the rates for most classes of workers' compensation business, and expects the companies to follow suit. No less than 37 per cent. of the business done by this office comes from Government sources. Naturally that reduces administrative costs, for such business costs nothing to secure. In New Zealand the State office does all classes of business, but the public prefer to do business with the private companies. A great deal of Government business is also done by the New Zealand State office which obviously reduces the cost of administration. However, as I say, the public prefer the private companies. One of the reasons for this is that, when it comes to a settlement, very often the private companies take the liberal view and pay up, not because the claims are legally right, but as an act of grace. I myself have known many such instances. I have known instances of the cover having expired and of the companies having met the obligation. The members of a local governing body guaranteed a certain amount, and through a grave error on the part of the secretary, the document was found to be useless. Yet the companies, as an act of grace, sooner than see the guarantors, who were farmers, suffer, paid the sum of £500. That could not be done by a State insurance office. A Government concern would not dare do it. That is one of the reasons why people prefer to insure with the companies. More latitude is given by the companies. It stands to reason that more latitude could be given by private companies than by the Government. The Minister omitted to mention that there is a State Insurance Office in Tasmania, which charges the same rates as the companies and which appears to be the only State insurance office issuing a balance sheet that can be compared with the balance sheets of the companies. It shows contributions to fire brigades, commission, rates, lighting and heating, advertising, printing, stationery and taxation, just as the insurance companies do. The administration costs of the State Insurance Office in Tasmania represent 44.9 per cent. of the premium income. Consequently where does the saving come in? I could speak for some time on this measure, but I do not think it necessary to say much more. We in Western Australia have much to be thankful for as regards the insurance business, and the position is

not going to be improved by extending the operations of the State Insurance Office. The office is being conducted illegally—a condition of affairs that has prevailed for a number of years. Insurance companies could not take the risks that were forced upon the State Insurance Office. This is the fourth attempt to force Government insurance on the activities of the State. It is another move to increase the number of State employees. Does not this mean that we shall be gradually drifting towards communistic ideals when the vast majority of the people will be employed by the State and controlled by the State? If that tendency continues, we shall reach the stage when individual activities will be reduced, when the resourcefulness of the people will become diminished, and when all will be servants of the State as in Russia, where the people, downtrodden under that system, are treated very harshly. I plead with members not to sanction the imposition of another burden on the State. No additional justification can be urged in favour of State insurance since the previous Bill was rejected by this Chamber. True, the office is operating illegally. I do not know that I would take any step to prevent that, but we should not extend its operations. I hope that members will insist upon this Bill sharing the fate of its predecessors by voting it out on the second reading.

**HON. C. G. ELLIOTT** (North-East) [5.12]: As one of the representatives of a province having within its boundaries all the mines on the Golden Mile and the principal mining centres in the north country, I desire to offer a few remarks on the Bill. I am prepared to support the measure up to a certain point. After that, I feel rather disturbed in mind as to the effect it may have on the various reserve funds held by the State Insurance Office, and particularly that fund relating to workers' compensation and employers' liability insurance. I quite realise the necessity for legislation to validate the past and present operations of the State Insurance Office. During 1924 it was provided in the Workers' Compensation Act that insurance should be compulsory, which meant that every employer must obtain a policy of insurance to protect himself against possible liability to compensate his employees. In 1925-26 the Miners' Phthisis

Act came into operation, bringing employees in the mining industry, found to be suffering from miners' phthisis, under the third schedule of the Workers' Compensation Act. In 1926 the Government proclaimed a State Insurance Office. This action was practically forced upon them by the attitude of the insurance companies, who refused to accept the risk under the Workers' Compensation Act. I consider that the Government pursued the right course in proclaiming the State Insurance Office. A state of urgency existed, and it was only right and just that employees and employers should be protected under the Workers' Compensation Act. From this point I feel rather disturbed in mind as to the attitude I ought to adopt to the Bill. I believe that the Government would have been well advised to halt at this stage, having made sure that the past and present operations of the State Insurance Office were amply validated. They now propose to extend the operations of the State Insurance Office. Through the Bill coming to us so late in the session, there is little time properly to analyse the pros and cons of its provisions, and this fact, in view of the unsatisfactory history of State ventures, may possibly lead to the loss of the Bill. The Minister in another place, in introducing the measure there, suggested that the State Insurance Office had an accumulated reserve fund of approximately £300,000 with which, presumably, to commence operations. The following figures, taken from the Auditor General's report for the financial year ended the 30th June, 1934, show where he intends to get the reserve:—

	£	s.	d.
Government fire insurance fund .. .. .	42,270	14	6
Government workers' compensation insurance ..	17,767	11	2
Marine insurance fund ..	4,441	6	10
Workers' compensation and employers' liability insurance .. .. .	232,347	17	4
Total ..	£296,827	10	10

It appears that the Minister cheerfully proposes to annex those funds to enlarge the functions of the State Insurance Office. Those accumulated reserve funds have been brought into being by the payment of premiums, principally by the mining industry, for the specific purpose of providing ade-

quate compensation for sufferers from accidents or from industrial diseases contracted as a result of working in the mines. My whole object during this session has been to prove that better compensation could be granted to men suffering from industrial diseases, having regard to those accumulated and accumulating reserve funds. I maintain that the figures I have quoted fully support my contention. If I thought that the absorption of those funds by the State Insurance Office, in furtherance of its proposed future activities, would in any way jeopardise the prospect of securing more adequate compensation for men suffering from industrial diseases as a result of working in the mining industry, I would offer the most strenuous opposition to the Bill. I therefore content myself by reserving judgment on the Bill until further light is thrown on the subject.

**HON. E. H. ANGELO** (North) [5.12]: Mr. Baxter has delivered such an able speech and given us such illuminating information that I consider it quite unnecessary to speak at any length on the Bill. Let me preface my remarks by lodging a protest against this important Bill being brought down almost in the dying hours of the session. If any Bill needed investigation by a select committee, this surely is the one. To get full information, it would be necessary for a select committee to delve into the operations of the State Insurance Office and to ascertain why certain premiums are being charged. Without that information, we should not consider the Bill. The chief argument that the Minister advanced in favour of State insurance was that similar departments in the other States of Australia and in other parts of the world had been so successful. Mr. Baxter has dealt with that aspect to some extent, and I would support his remarks by reading extracts from Government reports bearing on the operations of State insurance offices in some of the States. The Minister, when introducing the Bill, told us that the New South Wales insurance office was established in 1926, and he went on to say that it had reduced the cost of workers' compensation business in that State. He also quoted figures in support of the desirability of having such an office. In the last annual report to the Government of New South Wales,

the chief of the department, under the heading "Scope of Operations," stated—

Shortly prior to the close of the year under report, the Government announced their intention to restrict the business operations of the office as soon as possible after necessary steps had been taken.

In accordance with instructions received the office is not now granting or renewing workers' compensation insurance for private employers, except where it is necessary to do so in order to comply with its obligations as a licensed insurer under the provisions of the Workers' Compensation Act, 1926-1929. The office, as directed by the Government, is also arranging to discontinue other classes of insurance business, such as in the past have been undertaken by the office for Government contractors, public hospitals, and other institutions subsidised by the Government.

That is the latest report on the New South Wales office. I will now quote from official communications dealing with the operations of similar offices in Queensland and Victoria. The following is an extract from the remarks of the Commissioner of the Victoria State Accident Insurance Office on the report, profit and loss account, and balance sheet of that office for the year ended the 30th June, 1934:—

**Premium Rates.**—The world-wide depression of the last few years has revealed the fact that the rates of premium for workers' compensation has proved inadequate when any serious diminution in employment occurred entailing a reduced payment by employers on account of reduced wages rolls. This has been general in both the United Kingdom and the United States of America, and rates of premiums have in consequence been increased. During the last few years a similar position was experienced in Australia. In Queensland, where through there being a monopoly by the Government Insurance Office I was able to examine closely the actual development, a loss has been experienced in 1932 of £70,643, and in 1933 of £93,831. In this State the loss ratio of all officers has increased, and it appears that a revision of rates will be required to be made with a view to placing the business on a stable basis by charging adequate rates for various industries where insurance is now being transacted at a loss.

This is the only information I can obtain in regard to offices in the other States. The Honorary Minister also referred to the benefit that had been found to exist in the U.S.A. through State insurance. I wonder if he saw the following opinion published in one of the English papers a little while ago? This is the opinion of Mr. S. W. Mans-

ford, counsel for the American Federation of Labour:—

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

That hardly coincides with the opinions expressed by the Honorary Minister. I now come to our own State Insurance Office, which the hon. member says has been successful. Mr. Baxter has said no balance sheets are issued. If we want to examine the position the only thing we have to guide us is the report of the Auditor General. From that report it appears that the records of the State office that are placed before us are not true records of the outcome of the business. For instance, the Auditor General's report (page 31) for last year shows that the administration expenses and bad debts written off by the State Office amount to £2,636, 8s. 11. On page 66 of the report it is disclosed that the bad debts written off amount to £2,033, 14s. 1d., leaving £602 14s. 10d. as the cost of the administration of the department. This is obviously incorrect, as the salaries of the large staff—I think it numbers 14—would be at least five times that amount, to say nothing of the proportion of the salaries of the Government Actuary and Dr. Lovegrove's department. In addition to that there are printing, stationery, postages, and other expenses. And yet we are told that the whole office is being run for £602 14s. 10d. for the whole year! On page 31 of the same report we are told that the total premiums of the general accident business of the State office last year were approximately £67,000. If this business had been in the hands of the insurance companies, general taxation under the heading of dividend duties, financial emergency and hospital taxes, would have benefited to the extent of more than £2,000. With regard to the miners' diseases section, the total outgoings under the Miners' Phthisis Act, the Mine Workers' Relief Fund and the industrial diseases section of the State insurance department since the inception of the State office, amount to £511,647. Members will find these fig-

ures made up on page 27 as follows:—£419,417, in another place £52,543, and on page 31 £39,687, making a total of £511,647. The income of the State office under the industrial diseases section for the same period was £324,000, so that the loss to the State in respect of industrial diseases only was approximately £180,000. We can assume that the amount of outstanding claims at the end of the period, shown as £110,000, would about equal the outstandings at the commencement of the period. In the general accident section over the whole period there is a loss of over £16,000, after providing for unearned premiums, and this loss is made without taking anything into account for administration expenses. The loss on the insurance of Government workers for the past year is set down on page 31 of the report as £24,700. It is obvious, therefore, that the State is only adding to its difficulties by extending the State trading concerns. Thus further consideration should be given to this matter than can be given in the short time at our disposal. It has been said by some members that the State has been able to build up some good reserves in connection with its miners' diseases business. If we turn to page 31 of the Auditor General's report we find that the total amount collected in premiums for industrial diseases since the inception of the Act is £324,022 6s. 9d. Also on page 31 we find that the claims paid by the State office for the same period amounted to £109,687 4s. 7d. On page 27 we find that the claims paid by the Government out of Consolidated Revenue under the Miners' Phthisis Act amounted to £349,416 13s. 8d., and on the same page we find that the contributions by the Government to the Mine Workers' Relief Fund, under the Act of that name, amounted to £52,543.

Hon. C. G. ELLIOTT: What about the £70,000 under the Workers' Compensation Act?

Hon. E. H. ANGELO: I take it that is included. These figures give a total of £511,646 18s. 3d. The outgoings, therefore, exceed the income by approximately £194,000. These figures are taken from pages 31 and 27 of the Auditor General's report. In 1932 certain questions were asked in another place and the answers were supplied. The questions asked were as to the premiums collected and the

amounts paid for industrial diseases to the 30th June, 1932. The answer was—

Premiums paid under third schedule: Workers' Compensation Act (of which £83,154 was paid by the Government), £213,391; total claims under Workers' Compensation Act, £25,146; leaving a credit of £188,245. Amount paid under Miners' Phthisis Act (the greater part of which could have been claimed under the third schedule of the Workers' Compensation Act), £278,187; deduct surplus under Workers' Compensation Act, £188,245, leaving a loss in 1932 of £89,942.

These figures, quoted from the Auditor General's report, which is the only authentic source we have to guide us, and answers given to questions in another place, must show that the establishment of a State Insurance Office can only be followed by the same result as is associated with many of the State trading concerns, namely, a big loss to be made up by the taxpayers. For that reason I must vote against the second reading.

**HON. J. NICHOLSON** (Metropolitan) [5.27]: The speeches of members have been full of detail, and have rendered it unnecessary for those who follow to take up so much of the time of the House. Members must appreciate the trouble that has been taken by Mr. Baxter to place such full information before them.

The Honorary Minister: I think we had better wait until that is replied to.

Hon. J. NICHOLSON: I shall be pleased to hear what the Honorary Minister has to say in reply. The details put forward by Mr. Baxter have been amplified by further interesting facts and figures supplied by Mr. Angelo. The Honorary Minister will have some task to deal with the figures that have been quoted, seeing that they cover so wide a scope and are so varied in nature. The point I wish to draw attention to is that we are asked to deal with a very important measure at the end of the session. How can the Government expect us to give it that weighty consideration which is essential in the case of a Bill of this description, and how can they possibly expect members who are struggling under a heavy load as it is in the endeavour to clear the Notice Paper, to give to the Bill the time it deserves. It would have been wiser to have brought down the Bill at a time when the business of the

House was less congested. It could then have been referred to a select committee, and the fullest investigation and inquiry made. The Bill contains certain important principles, which are embodied chiefly in Clauses 1 and 3, wherein we find that the State Insurance Office is to be established as a State trading concern. I have consistently voted against the extension of State trading concerns; and, so far as I see, no reason has been advanced in the speech of the Honorary Minister to vary that decision, even as regards the State Insurance Office. If one should be in any doubt as to the advisableness of extending State trading concerns, one need only refer to the Auditor General's last report, of which every member has a copy.

The Honorary Minister: Which report?

Hon. J. NICHOLSON: The Auditor General's forty-fourth report. On page 32 of that report the sad—I use that word advisedly—results of our State trading concerns are shown in brief form—

#### State Trading Concerns.

The following particulars, abstracted from departmental statements, show the profit and loss for each of the State trading concerns for the year 1933-34, with the exception of the State implement and engineering works:—

Concern.	Profit.		Loss.	
	£	s. d.	£	s. d.
Saw Mills ... ..			3,579	11 8
Shipping Service ... ..			40,924	5 10
Brickworks ... ..			2,670	4 8
Boya Quarry ... ..			2,102	5 6
Hotels ... ..	5,224	9 2		
Wyndham Freezing, Cannelling, and Meat Export Works ...			68,280	3 11a
	£5,224	9 2	£117,556	11 7

a For the thirteen months ended 31st January, 1934.

The State hotels, it will be observed, are the one bright spot; they show a profit. Despite writing down of capital, which has meant a complete loss to the State and the imposition of an additional burden on the general taxpayer, further losses have been suffered to the extent mentioned in the earlier part of the report which I have already read. As regards the State Shipping Service, the Auditor General points out—

The loss does not include £5,241 4s. 10d. by which the book value of the vessels was written down at 1st July, 1927.

Even in connection with the State Implement Works, although the undertaking was intended to be removed from the State

trading concerns, that has not been done effectively. The Auditor General points out—

In addition to the liability shown, the capital of the concern was written down by £120,155 2s. 2d. as at 30-6-17. The loss does not include £23,978 13s. 9d., by which the book value of plant and buildings was written down as at 30-6-17.

Similar information is given by the Auditor General with regard to the Wyndham Meat Works.

The Honorary Minister: Do you think that is a fair comparison to draw?

Hon. J. NICHOLSON: I make the comparison, and draw attention to those statements of the Auditor General because, where capital has been written down, naturally there would be a greater loss if there had been no writing down, and the position is greatly altered from the financial and actuarial standpoints. One must call attention to these facts in order to arrive at a more accurate estimate of the value of State trading, and of the results which have accrued to our State from carrying on these concerns. The Bill asks that we should add another to the State trading concerns we already have. The quotations I have made are such as to cause one the gravest apprehension lest an attempt to establish another State trading concern should be attended with evil results, the same results as those disclosed by the figures Mr. Angelo quoted. Those figures do not make one feel hopeful that if one were to waive one's principles with regard to State trading, it would be to the best advantage of the State. One might deal with many other phases of this important question, but I do not intend to weary hon. members. I shall vote against the second reading of the Bill, because I believe that its passage would not be in the best interests of the State. Certain other principles are introduced by the Bill, for example in Clauses 2 and 4, which practically enunciate the principle of government by Order in Council. Those are most important clauses, and hon. members should take note of them. Those clauses would leave it entirely in the hands of the Government of the day to include other branches of State insurance than those enumerated in Clauses 2 and 4, and to extend the ramifications and scope of the work of such a department as is proposed. There is also

introduced the principle of monopoly. That is brought into view by Clause 8, under which, if the Bill should be passed, the State Insurance Office would be established and be deemed an incorporated insurance office approved by the Minister for the purposes of the Workers' Compensation Act.

Hon. J. J. Holmes: Has any other office been approved?

Hon. J. NICHOLSON: No. I am glad the hon. member asked that question. At one stage of the negotiations with regard to insurance under the Workers' Compensation Act other offices were approved, but that approval was withdrawn. At present there is no approved office in existence as required by Section 10 of the Workers' Compensation Act. That section of the Act is, therefore, not in force at present. The effect of passing such a provision would mean that there would be only one approved office under Section 10 of the Workers' Compensation Act, and that the office approved would be the State Insurance Office. That kind of monopoly is good neither for the State nor for the people of the State. Competition in every branch of industry, business and trade is most wholesome. The destruction of such competition is calculated to do harm to the State and to the people. Therefore, if the Bill should happen to pass, I certainly should oppose most strongly the adoption of such a provision. Meantime I content myself by stating that I shall vote against the second reading.

**HON. E. H. H. HALL** (Central) [5.42]: I desire to say a few words in justification of my vote. On general grounds I am opposed to State trading; but where does State trading begin, and where does it end? This afternoon's discussion has brought home to me that the line of distinction is becoming very fine indeed. Mr. Nicholson spoke of the benefits of competition. Competition is acknowledged to be a fine thing. Now, various members of this Chamber are closely associated with insurance, and know much more about that subject than I do; and I ask them, is it not a fact that there are about 50 insurance companies operating in the city of Perth?

Hon. H. S. W. Parker: There are 72.

Hon. E. H. H. HALL: I thank the hon. member. Further, is it not a fact that with one exception all these companies are joined

in an association known officially in the insurance world as the Underwriters' Association? Further, is there not an understanding among members of that association that they shall not cut rates? What is the value of competition of that kind? We are told that competition is the life of trade; but, like other things, competition can go too far. Huge amounts of money have been expended on the erection of palatial offices in the various Australian States, including Western Australia. In our case I hold that the money could have been expended to much greater advantage in opening up our lands and financing our primary industries. As I have said here before—whether we like it or not, we must prepare for an alteration in our views and ideas. I was very disappointed when this House defeated an insurance Bill that was presented by a previous Government. I admit that the Minister on that occasion may have been guilty of some mistakes, but I was in accord with the Bill as a whole. It was subjected to very close scrutiny by a select committee, but failed to pass. I was told on many occasions subsequently by people in my province that they did not view with satisfaction the defeat of that measure. Dealing now with some of the statements that have been made this afternoon, I think I am right in saying that those members whose remarks showed they were averse to the Bill based their opposition on the fact that they were not in favour of an extension of State trading because that system had resulted in huge losses to the taxpayers. It has been said that anything can be proved by figures, and references have been made to the Auditor General's report. I have some figures that were furnished to me by a certificated accountant who is practising his profession in Perth. I am sure he is not a member of the Labour Party. I have checked his figures with those appearing in the Auditor General's report, and have found them to be correct. If Parliament, which represents the taxpayers, will not accept as authentic, reliable and correct the figures supplied by the Auditor General, then where do we stand? Taking the Auditor General's report, I find he states, notwithstanding what has been mentioned during the debate, that over a period of eight years, since the State Insurance Office was established, its operations have resulted in a pro-

fit of £45,858. It would seem, therefore, that the assertion that the State Insurance Office has been conducted at a loss is not borne out by the figures disclosed by the Auditor General. It has been stated, particularly by Mr. Baxter, that the insurance rates in Western Australia are the same as those charged elsewhere in the Commonwealth. I trust that when he replies to the debate the Honorary Minister will deal with that phase. If Mr. Baxter's statement is correct—I cannot imagine him making an incorrect statement, although he may have incorrect information supplied to him—all I can say is that when, as Leader of the House, he introduced legislation dealing with State insurance, he informed members that there was a great disparity between the rates charged here and those that were levied in the Eastern States. I shall support the second reading of the Bill, but I shall reserve to myself the right to view the matter in the light I deem fit after hearing the reply of the Honorary Minister.

**HON. J. CORNELL** (South) [5.50]: When a somewhat similar Bill was before this Chamber some years ago I supported it, and I intend to support the second reading of the present Bill, although I shall not accord it that support in its entirety. We have reached a very interesting situation. About eight years ago the State Insurance Office was established by the Labour Government in which the present Acting Premier was Minister for Works. There was an outcry in the political arena because a State insurance concern had been foisted upon the community without legislative sanction. Governments come and go—

The Honorary Minister: But the State Insurance Office remains.

**HON. J. CORNELL:** The Government responsible for the inauguration of the State Insurance Office met their Waterloo in 1930 and were supplanted by another Government, many members of which had formerly been loud in their condemnation of its establishment. Notwithstanding that fact they continued the business and, I understand, enlarged its operations. In their turn that Government went by the board and were replaced by the present Labour Government. Year after year we have been told that illegal acts were being performed

by Governments in conducting the State Insurance Office. We should end that position in one way or another. If it is illegal, we can deal with the State Insurance Office by one of two methods. We can give the concern legal standing or, if Parliament is not prepared to do that, we can squelch it altogether. It is of not the slightest use continuing to find fault with the concern that is with us and is likely to remain with us in the future. Under existing conditions Parliament has no say whatever in the conduct of State insurance. Mere criticism is as far as any member can go. The evil or the benefit, in whichever light it may be viewed, continues on the even tenor of its way. That is wrong in principle and application. It is about time that we squared up to the facts and endeavoured either to end the practice or to make the insurance office amenable to Parliament. Matters affecting the field of insurance are beside the question. The point is that an institution exists for which there is no legal authority, and its continuance has been permitted by three consecutive Governments. I do not stand for that but for orderly government, and for Parliament having some say in the conduct of such an institution. A remarkable sidelight upon the situation was brought under my notice the other day. I mention it to indicate how an institution that is without lawful sanction is used by the authorities to more or less conform to the usages of to-day. I have known a certain young man almost from birth. He has been employed in the Public Service and has equipped himself by passing the necessary examinations in accountancy. I emphasise the point that he held a recognised position in the Public Service under the Public Service Commissioner. I met him the other day and asked him where he was working now. He replied, "I have a job that is more congenial and in keeping with my educational attainments. I have been transferred to the State Insurance Office." I said, "Then you have been transferred out of the Public Service," to which he replied, "No, I am still in the Public Service." Although we are told there is no lawful sanction for the State Insurance Office, public servants have been transferred from recognised Government departments to the insurance office. In view of such circumstances as I have outlined, and for the reasons I have indicated, I must support the second reading of the Bill. I feel,

however, that its sphere of operations should be somewhat circumscribed, but that issue can be dealt with at the Committee stage. The question before members is whether we shall give legal sanction to operations that have been carried on for a number of years past. If we fail to do so, the only answer we can give to those who inquire why we are not prepared to sanction what already exists, and will continue to operate, is that we are opposed in principle to State trading and therefore to the State Insurance Office.

**HON. L. B. BOLTON** (Metropolitan) [5.58]: Because the Bill aims at an extension of State trading, I am opposed to it and will vote against the second reading. Without going all over the ground that has already been traversed, I can safely say that members of this Chamber are quite convinced that we have had sufficient of State trading concerns. Members who have quoted figures have emphasised the fact that those of the Auditor General must be taken as correct. I propose to quote the Auditor General's statement to show what the trading concerns have cost Western Australia to date. From their inception to the 30th June, 1934, the liabilities incurred on account of the State trading concerns amounted to £2,488,094 7s. 1d. Surely that is sufficient answer to those who suggest we should agree to another development in State trading.

The Honorary Minister: What do you mean by liabilities?

**HON. L. B. BOLTON**: That is the term used by the Auditor General.

The Honorary Minister: Well, what are the assets?

**HON. L. B. BOLTON**: Unfortunately they are very small. I am quoting from the Auditor General's report.

**HON. J. J. HOLMES**: It appears that we could write off two millions.

**HON. L. B. BOLTON**: That is so. There are other dangers in the Bill. Under it the Governor in Council can at any time extend insurance in other directions. That is exceedingly dangerous, and if one wanted another excuse for voting against the second reading, that would be sufficient for me. The Bill aims at giving to the State a monopoly of workers' compensation insurance.

Mr. Hall quoted figures, and I should like to quote just this from the Auditor General's report, page 31. The Auditor General, discussing Government workers' compensation insurance, said that the year's transactions had resulted in a deficit of £24,712. If the State Insurance Office showed that loss, with all the workers' compensation business they did in that year, we should ask ourselves what will be the loss when the State secures a monopoly of workers' compensation business.

**HON. E. H. H. HALL**: I gave the profits for eight years.

**HON. L. B. BOLTON**: I am giving the loss for one year. In view of the figures I have quoted, I should imagine that when the State office secures a monopoly of workers' compensation business, we will have to add to the enormous losses of the State trading concerns the added loss made by the State Insurance Office. I will vote against the second reading.

**HON. J. M. MACFARLANE** (Metropolitan-Suburban) [6.3]: I intend to vote against the second reading, for I am by no means convinced that the passing of the Bill is desirable. A good deal has been said about the State trading concerns and their enormous losses, but I think it should also be mentioned that none of those concerns contribute to taxation in any shape or form. Two or three successive Governments have handled State insurance, and I expect that some day we shall be called upon to validate what those Governments have done. However, I do not intend to assist in validating anything of the sort until I know that State trading has been definitely relinquished. I will vote against the second reading of the Bill.

**THE HONORARY MINISTER** (Hon. W. H. Kitson—West—in reply) [6.5]: The debate has been the most interesting I have heard here for many years, and particularly if we compare the point of view of one or two speakers with the point of view expressed by those speakers on a previous occasion. Mr. Nicholson thought Mr. Baxter ought to be congratulated on his statement. I do not propose to go into the details of that cleverly compiled statement, for I have not had opportunity to correct the figures it comprises. When I moved the second

reading, rather than take up time quoting figures as to what had occurred elsewhere, I confined myself to the principle of the thing and to the way in which State insurance had worked out in this State and other States. Some of the figures I then gave would confound the statement made by Mr. Baxter. On that occasion I said that wherever State insurance had been introduced, one of two things had happened: either premiums had been reduced, or payments had been increased. Mr. Baxter cannot contradict that statement. He said the State Insurance Office charged the same premiums as the private companies. In some cases that is true, because the companies have come down to the rates charged by the State office. When the hon. member was in charge of a similar Bill in this Chamber he used arguments entirely different from those he put up this afternoon.

Hon. C. F. Baxter: Like you, I had to do my duty.

The HONORARY MINISTER: I believe the hon. member was very sincere on that occasion.

Hon. J. Nicholson: And I think you voted against his Bill.

The HONORARY MINISTER: Mr. Baxter, in order to prove his case, referred to New Zealand, Tasmania and Queensland regarding workers' compensation insurance and employers' liability insurance, but he did not go into details.

Hon. J. J. Holmes: You asked him to hurry up, and suggested that you did not want details.

The HONORARY MINISTER: That is so. From a remark made just now by the hon. member on my right, I know he has made up his mind about the Bill, but I cannot allow members to make statements which are contrary to facts.

Hon. C. F. Baxter: All my statements were taken from records.

The HONORARY MINISTER: Yes, but you took what suited you and left the rest.

Hon. J. Cornell: Well, records are broken every day.

The HONORARY MINISTER: Does it matter what has happened in the State Insurance Office as compared with other States, so long as the position in that office is sound? Does it matter what set of figures some member gleans from some re-

port in order to show that the State Insurance Office is in a terrible condition—does it matter so long as that is not correct? When moving the second reading I quoted certain figures which I propose to repeat, and I defy any member to say they are not correct. By the quoting of those figures I will refute the statement made by Mr. Angelo, which I regard as the most unscrupulous statement ever made in the House.

Hon. E. H. Angelo: I do not think the Minister has the right to use the word "unscrupulous."

The PRESIDENT: I am sure the Honorary Minister will withdraw that word.

The HONORARY MINISTER: Yes, I will withdraw the term. In that connection the actual position is as follows:—Dealing first of all with workers' compensation business, including Government workers and State insurance in 1933-34, the premiums received were £216,666 and the claims £222,522. But that amount includes £25,000 which was appropriated by the Treasury and which, if the hon. member desires to be fair, he will admit wipes out the loss which he said had been made last year. Then if we take general insurance we find that the premiums were £3,478 and the claims £881, while the expenses were £5,360. The hon. member quoted certain figures from the Auditor General's report, amounting to £600 odd which he wanted the House to believe the State Insurance Office had put forward as expenses.

Hon. E. H. Angelo: What about bad debts written off, £2,033?

The HONORARY MINISTER: It is of no use the hon. member picking out certain figures. Let him quote the whole of the figures.

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

The HONORARY MINISTER: I was dealing with the actual position of the State Insurance Office, and had given the figures for 1933-34. The figures for the whole of the transactions since the inception of the State Insurance Office in 1927 are as follows:—

	£
Total premiums received ..	1,151,014
Amount of claims paid ..	1,150,940
Total reserves .. ..	299,000

The details are as follows:—

	£
Workers' compensation pre- miums .. ..	1,354,000
Workers' compensation claims paid .. ..	1,114,200
Crop insurance premiums .. ..	78,121
Crop claims paid .. ..	34,845
Fire insurance premiums .. ..	9,474
Fire claims paid .. ..	739
Motor premiums .. ..	7,210
Motor claims paid .. ..	1,117
Re-insurance premiums .. ..	2,209
Re-insurance claims paid .. ..	39

Mr. Baxter endeavoured to make a point that private companies were preferred by workers as against State insurance, and to support that contention he quoted the figures of the Queensland State Insurance Office compared with those of private companies in that State. It would not matter what State insurance office he quoted, he could have used figures in the same way. We all know that workers must insure for this class of business, which is an obligation of the employers, and we also know that private insurance companies advertise extensively and employ numerous agents, whereas State insurance offices do not solicit business in that way. On that account a big difference is apparent as between the business done by State insurance offices and private companies. According to a statement by Mr. Parker, something like 70 insurance companies are operating in this State. We know that their method of operating is to appoint agents wherever they can, and those agents have to be paid commission. Surely it is not to be contended that the operating costs of 70 companies could compare with the operating costs of the State Insurance Office, which does not go to the expense of having agents, as the private companies do. On that account it is possible for State insurance offices to reduce premiums or to give greater value. The whole history of State insurance shows that that is a fact. I say without hesitation that it does not matter what State Insurance Office is taken, whether it be in Australia or out of Australia, that is the position. As I said when moving the second reading of the Bill, the operation of State insurance offices in Australia has meant a saving to employers of millions of money. Not only Mr. Baxter but other members have stated that their main opposition to State insurance is that it would

bring into being another State trading enterprise. Because it is called State trading, they are opposed to it. They want no more of State trading. I suppose if there had been some other Act under which we could have brought the State Insurance Office, so that it would not have been necessary to describe it as a State trading concern, their attitude might have been different. Many members stated that the results achieved by State trading concerns showed that there would be a big risk if we agreed to the State Insurance Office becoming one of the State trading concerns. Mr. Nicholson quoted figures purporting to show the losses incurred by various State enterprises. I do not mind any member making statements of that kind, so long as he endeavours to be fair and puts the whole of the facts before the Chamber. The subject is too big to discuss in detail at this stage, but I should like to say a few words in rebuttal of what has been said. Mr. Nicholson said that the State Sawmills showed a loss last year, according to the Auditor General's report, of something over £3,000. That statement is correct; according to the Auditor General's report there was a loss of about £3,000. But if the hon. member examined the position of the State Sawmills a little closer, he would find that had the accounts been compiled in the same manner as the accounts of private companies are compiled, the State Sawmills last year would have been in a position to pay a dividend of at least 4½ per cent. That is more than any timber concern in the State has paid for many years.

Hon. A. Thomson: They would save that much in taxation.

Hon. L. B. Bolton: Yes, taxation that private companies have to pay.

The HONORARY MINISTER: The State Sawmills, treated on the same basis as private companies, would have been able to pay 4½ per cent. interest on the capital, whereas other large concerns in competition with the State Sawmills—

Hon. L. B. Bolton: The State Sawmills had not the competition. Half of their business was without competition.

The HONORARY MINISTER: I do not know that that is true.

Hon. J. M. Macfarlane: They get all the Government contracts.

The HONORARY MINISTER: They do not get all the Government contracts.

Hon. L. B. Bolton: They get the biggest percentage of them.

The HONORARY MINISTER: Even if they do, the prices quoted in Government contracts are lower than the list prices quoted by ordinary firms.

Hon. L. B. Bolton: I have my doubts.

The HONORARY MINISTER: Doubt it as the hon. member may, that is the position. One of the largest timber firms in the State during the last two years lost over a quarter of a million of money, and yet the State Sawmills last year were able to show the equivalent of  $4\frac{1}{2}$  per cent. interest on their capital.

Hon. J. J. Holmes: Marvellous!

The HONORARY MINISTER: The record of the State Sawmills is a fine one, and it would be interesting to members if they examined the record from the angle I have mentioned, instead of taking isolated figures extracted from the Auditor General's report. Mr. Nicholson also mentioned the State Brickworks. If their operations are compared with the operations of other brickworks in the State, I think he will find the comparison more than favourable. The State Quarries, on a fair comparison with private enterprise, would show up as well as any. It is admitted that the Wyndham Meatworks show a loss every year, but is it fair to quote the Wyndham Meatworks as typical of State trading concerns, and then use the fact that the loss on those works last year was £68,000? Every member should know that the Wyndham Meatworks were established to fulfil a purpose. They are fulfilling that purpose. They are assisting the cattle industry in the North, which no private enterprise would do, or could possibly do. The State Shipping Service was also mentioned; the hon. member said that loss had been incurred, and that certain capital had been written down. Those are not all the facts. If the facts were studied impartially, members would admit that the results of the State Shipping Service were much different from the impression conveyed by critics of State trading concerns. Instead of quoting a few figures from the Auditor General's report and building arguments on them, members should be prepared to examine the whole of the facts. Instead of endeavouring to damn

State enterprise, as many members in this House are so prone to do, they should give credit where credit is due. In most instances, the State trading concerns are entitled to credit for their operations. Just as the State Insurance Office brought down insurance premiums, so State enterprise in other fields has brought about a reduction of prices in those fields. It has made it possible for the people to secure their commodities at a price at which they could not secure them had it not been for State enterprise. The operations of the State Insurance Office have not cost this State one penny. There is at present a reserve of £299,000.

Hon. J. J. Holmes: And also a big contingent liability.

The HONORARY MINISTER: Necessarily so. That applies to all companies too. It is because of these contingent liabilities that we are not able to increase a little further the benefits for the miners who are suffering from diseases contracted in the mines. The reserve of £299,000 has accumulated since 1927. While the Bill provides that the State office may extend its operations into other fields of insurance it does not lay down that it shall do so.

Hon. J. M. Macfarlane: It is already doing so in marine insurances and in other ways.

The HONORARY MINISTER: I am surprised that the hon. member should know so little about the subject. He should know that the State has been carrying its own insurances in many directions for several years. The marine insurances have to do with the State shipping, and the fire insurances with Government property. The motors referred to are Government property. Members will not deny the right of the Government to insure their own property through their own office. It speaks well for those who have administered the funds that they have not gone further than to do insurance business in those particular directions. The premiums charged on Government business are only about half of the ordinary tariff rates. If the full rates had been charged the figures I have quoted would have been still better. It may be taken for granted that the Government would have no desire extensively to launch out in insurance operations unless the circumstances at the time fully justified their

doing so. Many members object on principle to State trading of any kind. I hope on this occasion the House will pass the Bill. For several years the State Insurance Office has been carried on in what has been termed an illegal manner. The office must be continued whether the Bill is passed or not. I have not heard one member suggest that it should be closed down. If they are willing that it should be continued as it has been carried on for the last seven or eight years, members should be prepared to legalise its operations. On that account alone the House will be justified in passing the Bill.

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

Ayes	..	..	..	11
Noes	..	..	..	16

Majority against .. 5

#### AYES.

Hon. J. Cornell  
Hon. L. Craig  
Hon. J. M. Drew  
Hon. C. G. Elliott  
Hon. E. H. Gray  
Hon. E. H. H. Hall

Hon. W. H. Kitson  
Hon. R. G. Moore  
Hon. T. Moore  
Hon. H. Tuckey  
Hon. G. Fraser

(Teller.)

#### NOES.

Hon. E. H. Angelo  
Hon. C. F. Baxter  
Hon. L. B. Bolton  
Hon. J. T. Franklin  
Hon. V. Hamersley  
Hon. J. J. Holmes  
Hon. J. M. Macfarlane  
Hon. W. J. Mann

Hon. J. Nicholson  
Hon. H. S. W. Parker  
Hon. H. V. Piesse  
Hon. H. Seddon  
Hon. A. Thomson  
Hon. C. H. Wittenoom  
Hon. H. J. Yelland  
Hon. G. W. Miles

(Teller.)

Question thus negatived; Bill defeated.

### BILL—DAIRY PRODUCTS MARKETING REGULATION.

Received from the Assembly and read a first time.

### BILL—MINE WORKERS' RELIEF ACT AMENDMENT.

#### *Assembly's Message.*

Message from the Assembly received and read notifying that it had agreed to the amendments made by the Council.

### BILL—ELECTORAL ACT AMENDMENT (No. 1).

#### *Assembly's Further Message.*

Message from the Assembly received and read notifying that it did not insist on its further amendment No. 2, made to the amendment of the Council.

### BILL—CONSTITUTION ACTS AMENDMENT

#### *Assembly's Further Message.*

Message from the Assembly received and read notifying that it did not insist on its further amendment No. 2 made to the amendment of the Council.

### BILL—FINANCIAL EMERGENCY TAX ASSESSMENT ACT AMENDMENT.

#### *Assembly's Request for Conference.*

Message from the Assembly received and read notifying that in reply to the Council's message No. 40 the Assembly requested the Council to grant a conference on the amendments insisted upon by the Council, and that should such conference be agreed to by the Council, the Assembly would be represented by three members.

### BILL—LOTTERIES (CONTROL) AMENDMENT.

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

### BILL—ROADS CLOSURE.

#### *Second Reading.*

**THE CHIEF SECRETARY** (Hon. J. M. Drew—Central) [S.3] in moving the second reading said: This is the usual Bill which is presented to Parliament in each session to confirm the closure of certain streets and rights-of-way in municipalities. On this occasion there are only three items to deal with. The first concerns the closure of portion of Falcon-street, Narrogin. The Public Works Department desire to enlarge Lot 803, which is the hospital site, by taking in the portion of Falcon-street which is shown coloured blue on the lithograph which I have laid on the Table. It is intended to provide additional land for street purposes out of the recreation reserve to the south. The Municipal Council have already agreed to the proposal. The second item deals with the closure of a right-of-way between Kalgoorlie Lot 3026 and Lot 3072, which was formerly portion of Lot 3031. Lot 3031 originally ran right through from Piccadilly-street to Wittenoom-street, thus breaking the continuity of the right-of-way through the

section between Arthur-street and Keenan-street. The Kalgoorlie Council, with the concurrence of the Town Planning Board, entered into negotiations with the holder of Lot 3031, and she agreed to give up the land required for the continuance of the right-of-way subject to being allowed to acquire the land contained in the right-of-way it is proposed to close. That arrangement was made. There is no objection to this, and the necessary provision has been made in the Bill. The right-of-way to be opened is coloured blue, and the portion to be closed is coloured red, on the lithograph. The remaining provision is in regard to the closure of portion of Morrison-cresecent, Midland Junction, and is desired by the Municipal Council in order to improve that portion of the municipality. The lots fronting the main York-road are of very shallow depth, and the outhouses abut right on the Morrison-cresecent. The tracing that I have laid upon the Table shows the position clearly. The council are anxious to close the street, with the exception of the portion hatched blue on the plan, for the purpose of allowing the holders in the subdivision to acquire that portion adjoining their lots and thus to increase the depth of their blocks. The council are purchasing the land coloured green, and intend to plant that, and the portion of the street not required for access, with trees, and will otherwise improve it and make it into a small park. The portion available to holders of adjoining lands will be retained as Crown land until such time as negotiations are completed with the holders of the lots to re-purchase the respective portions adjoining the blocks. I move—

That the Bill be now read a second time.

**HON. J. J. HOLMES** (North) [8.7]: All I wish to know is whether the local authorities have approved of these proposals.

The Chief Secretary: Yes. In some instances the legislation is introduced at the request of the local authorities.

**Hon. J. J. HOLMES**: In that case I have no objection to the Bill.

**HON. J. M. MACFARLANE** (Metropolitan-Suburban) [8.8]: This is the first I have heard of the Bill. I am somewhat concerned because the lithograph relating to Midland Junction has not been brought before my colleagues and me, so that we could

see for ourselves whether the proposal is in the public interest. I have not heard from the Perth City Council on the subject. The session being so far advanced, I have no option but to let the Bill pass.

**THE CHIEF SECRETARY** (Hon. J. M. Drew—Central—in reply) [8.9]: The local authorities of Kalgoorlie, Narrogin, and Midland Junction have agreed to these proposals.

**Hon. J. M. Macfarlane**: The Midland Junction proposal is the one I am concerned about.

The **CHIEF SECRETARY**: According to information which has been supplied to me, and which I have no reason to doubt, all the local authorities have agreed to these proposals.

Question put and passed.

Bill read a second time.

*In Committee, etc.*

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

Read a third time, and *passed*.

## **BILL—ADMINISTRATION ACT (ESTATE AND SUCCESSION DUTIES) AMENDMENT.**

*Assembly's Message.*

Message from the Assembly notifying that it had agreed to the Council's amendments Nos. 1 to 11, 13, 16, 17, 18, 20 to 50, 52, 53, and 55, and had disagreed to Nos. 12, 14, 15, 19, and 54, and giving reasons, and had agreed to No. 51 subject to a further amendment, in which further amendment the Assembly desired the concurrence of the Council, now considered.

*In Committee.*

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

No. 12. Clause 12, Subclause 2, paragraph (a).—Strike out "two years" and insert "twelve months."

The **CHAIRMAN**: The Assembly's reason for disagreeing to the Council's amendment is—

Experience has shown that a period of less than two years is insufficient.

Amendments Nos. 12, 14, 15, and 19 are all linked together.

The CHIEF SECRETARY: I move—  
That the amendment be not insisted on.

Hon. J. NICHOLSON: This is one of the important matters in the Bill. We decided to limit the period to 12 months. As originally drafted, the Bill provided that gifts should be liable to duty if made within two years of the death of the donor. It was explained that the existing law provides that when gifts or dispositions are made within six months prior to the death of the donor, such gifts are exempt from duty. The jump from six months to two years was a big one and the select committee suggested that the period should be 12 months. The law in the Commonwealth, Victoria and South Australia provides for a period of 12 months, and I can see no good reason for fixing it at two years. The fact that a Federal Royal Commission has recommended a period of two years is no justification for us to adopt the extended period, which would be unfair to the taxpayers.

The CHIEF SECRETARY: I do not wish to provoke a long discussion on the question, which has been debated at length. The amendment will alter the period of exemption for voluntary gifts and dispositions from 12 months to two years. The experience of the department is that in numerous instances where 12 months or more have elapsed between the date of the gift and the death of the donor, the State has been deprived of a considerable volume of revenue. Dispositions have been made deliberately to escape the payment of probate duty, and such acts do not merit encouragement.

Hon. H. S. W. PARKER: I was one of the members of the select committee who dissented from the report presented to the House with regard to the period of exemption. I believe in the two-year period being adopted. I can see no reason why gifts made at any time between the 12 months recommended by the select committee and the two-year period should be exempt from the payment of probate duty. I believe more revenue would be obtained, with the result that the duty or some other form of taxation might be reduced. I agree that there should be some limit and I cannot see that the two-year period is unreasonable.

Hon. A. THOMSON: I hope the Committee will insist upon its amendment and the reasons submitted by the Assembly are sufficient to emphasise the necessity for that course being adopted. I cannot see why, if a person feels disposed to present a member of his family with portion of his estate, he should not be permitted to do so.

Hon. H. S. W. PARKER: That deals with the whole principle of probate.

Hon. A. THOMSON: I am certainly not so optimistic as Mr. Parker as to think that if more revenue would be derived by the course he suggests, taxation would be lowered. During the course of my public life I have not known a Government who would be likely to reduce taxation in those circumstances.

The Honorary Minister: What about the 33½ per cent. reduction in the income tax?

Hon. A. THOMSON: That was a gift from the Federal Government.

Hon. H. S. W. PARKER: And have the Federal Government reduced taxation?

Hon. A. THOMSON: We have increased the period from six months to 12 months and the Government should be satisfied with that.

The CHIEF SECRETARY: Purely for historical purposes, I desire to correct Mr. Thomson who said he had had no experience of any Government that had reduced taxation. The Honorary Minister interjected with regard to the reduction of 33½ per cent. in the income tax. Mr. Thomson replied that the Federal Government had made a grant for that purpose. The grant was not made for the purpose and the Federal Government resented our action.

Hon. J. J. HOLMES: When a man dies his estate has to be carried on and if we hamper the estate, we will merely take the liquid assets into the Treasury and make it difficult for the executors to continue operations, which may affect the progress of the State. If it is good enough for the Commonwealth and two other States to fix the period at 12 months, surely the adoption of that period in Western Australia would be fair. Everything is done to assist recklessness and extravagance and to attack the thrifty. Only two crimes can be committed in Western Australia to-day: one is to succeed, and the other to fail. If you succeed you are a damned scoundrel, and if you fail, a damned

fool. That is the conclusion I have come to. When, with estates at a discount, the State demands a full quota from the liquid assets, it means crippling the estates, and indirectly crippling the country. I will vote for the 12 months.

Hon. G. FRASER: Most of the dispositions are made with the idea of evading probate duty, and I am surprised that members should want a period of 12 months in order that the revenue of the State shall be defrauded.

Hon. L. Craig: For years it has been six months.

Hon. G. FRASER: And experience has shown that six months is not long enough. Now the proposal is for two years, which I think quite satisfactory.

Hon. H. V. Piessé: Why?

Hon. G. FRASER: Evidently the department has discovered that many persons have succeeded in living more than 12 months after making a gift. Of course, if a gift is made bona fide, it is all right, but we should prevent people from defrauding the State.

Hon. G. W. MILES: I hope the Committee will not insist upon their amendment. I think the period of two years fair and equitable. If people want to make gifts to their children, they should not wait until failing health overtakes them. We are not taxing ourselves as the people in the Eastern States are taxed, yet we have Ministers periodically going over there, cap in hand, asking for a dole.

Hon. J. M. MACFARLANE: I hope the Committee will insist upon the amendment. Most of the opposition to the amendment is based on the State being defrauded of revenue. If there is any form of fraudulent practice which can be extenuated, it is this evasion of probate duty, for if in existing conditions a man can build up an estate worth distributing, he is very clever, and deserves our sympathy. To distribute an estate without payment of probate is not a very serious offence. I should like to see taxation in its various forms reduced to the lowest. I hope the Committee will insist upon the 12 months.

Hon. J. NICHOLSON: Mr. Fraser spoke of defrauding the Government of taxation. But if a man seeks to defraud the Government of revenue, there is in the Bill a provision rendering him liable to the payment of double duty. Moreover, this is not a case

of defrauding the State. The property is the property of the individual, who has worked for it. Surely he is entitled to dispose of it as he will. By increasing the old period of six months to one year, the Committee have increased the duties very largely. Apart from that, under the Bill the Government will receive an enormous amount of additional duty as against what they could receive under the existing Act. The Bill tightens up the Act very stringently. This anxiety to grasp even more, is not worthy of the Government.

Hon. H. S. W. Parker: What about the Royal Commission?

Hon. J. NICHOLSON: The Royal Commission overlooked the fact that this State is less developed than the other States, and consequently the people here have to carry a heavy burden.

Hon. H. S. W. Parker: So they should be allowed to give away their property!

Hon. J. NICHOLSON: It is not a case of their giving away their property; it is a case of the Government confiscating their property.

The CHAIRMAN: The scope of the amendment relates only to gifts; yet we are having a general discussion on the Act.

Hon. R. G. MOORE: At first I was inclined to support the 12 months, but since hearing the arguments of those in favour of 12 months I have decided to support two years. On principle, I am against probate duty, but the State must have the money to carry on with. I remember when we did not have to pay income tax, or financial emergency tax, or hospital tax or anything of the sort.

Hon. E. H. H. Hall: Them were the days.

Hon. R. G. MOORE: I think if half the people who own estates had their way they would not pay probate at all, but would take their estates with them.

The CHIEF SECRETARY: I wish to dissociate myself from the remarks of Mr. Fraser, who denounced certain practices as attempting to defraud the Treasury. I do not say it is fraud. I agree with Mr. Nicholson, only I regard those practices as a species of legalised legerdemain. Not only has the Treasury a right to complain of those practices, but other men who pursue the manly course and contribute to the revenue are entitled to complain.

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

Ayes	..	..	..	10
Noes	..	..	..	14

Majority against .. 4

# AYES.

Hon. E. H. Angelo	Hon. E. H. H. Hall
Hon. J. M. Drew	Hon. W. H. Kitson
Hon. C. G. Elliott	Hon. R. G. Moore
Hon. G. Fraser	Hon. H. S. W. Parker
Hon. E. H. Gray	Hon. G. W. Miles

(Teller.)

# NOES.

Hon. L. B. Bolton	Hon. H. V. Piesse
Hon. L. Craig	Hon. H. Seddon
Hon. J. T. Franklin	Hon. A. Thomson
Hon. V. Hamersley	Hon. H. Tuckey
Hon. J. J. Holmes	Hon. C. H. Wittenoom
Hon. J. M. Macfarlane	Hon. H. J. Yelland
Hon. J. Nicholson	Hon. W. J. Mann

(Teller.)

Question thus negatived: the Council's amendment insisted on.

No. 14.—Clause 14: In paragraph (b) (ii), also in paragraphs (c) and (d), strike out the words "two years," where same respectively appear, and insert "twelve months."

No. 15.—Clause 16: Strike out "two years," in line 38, and insert "twelve months."

No. 19.—Clause 19, Subclause (1): Strike out "two years," in line 13, and insert "twelve months."

The CHAIRMAN: Amendments Nos. 14, 15 and 19 are consequential on No. 12 and therefore will be insisted on.

No. 51.—Clause 69: Strike out the whole of the clause, and insert the following:—

69. No duty shall be payable under this Act in respect of any gift, devise, bequest, legacy, or settlement made or given to or in trust for—

- (a) any public hospital within the meaning of the Hospitals Act, 1927;
- (b) any public educational institution in the State which is wholly or in part dependent on any State grant, aid, or subsidy;
- (c) any incorporated public body in the State the main object of which is to dispense or provide voluntary aid to indigent, aged, sick, blind, halt, deaf, dumb, or maimed persons;

(d) any publicly subscribed medical service or fund in the State, the main object of which is the relief of the sick, or any public medical service or fund in the State which is assisted by any Government grant or subsidy.

Assembly's amendment on Council's amendment—Insert a new paragraph in the amendment to stand as paragraph (b), as follows:—“(b) the maintenance of a free ward in any hospital.”

The CHIEF SECRETARY: I move—

That the Assembly's amendment be agreed to.

Question put and passed; the Assembly's amendment on the Council's amendment agreed to.

No. 54. Insert the following new clause after Clause 36:—

38. In-so far as beneficial interests pass to persons bona fide residents of and domiciled in Western Australia, and occupying towards a deceased person the relationship set forth in the Third Schedule to the principal Act, duty shall be calculated so as to charge only one half of the percentage or rate upon the property acquired by such first-mentioned persons.

The CHAIRMAN: The Assembly's reason for disagreeing is that this provision has already been included in the taxing measure.

The CHIEF SECRETARY: It would be ridiculous to have similar provisions in two different statutes. I move—

That the amendment be not insisted on.

Hon. J. NICHOLSON: The object of the amendment is to provide half rates for the relatives mentioned, and is a copy of what appears in the existing Act. We felt that the only way to safeguard the provision and make it permanent was to include it in this Bill. A taxing measure must be originated in another place, and is liable to be varied at the will of another place. The assessment measure, on the other hand, is one that we have a right to amend. Unless we insist on this amendment, another place at some future time might drop the exemption from the tax Bill. Another place has seen fit to include an exemption for hospitals in this Bill and the exemption for relatives should

also be included. We should retain control over the provision by having it in this measure.

The CHIEF SECRETARY: Legislation ought to be framed in a workmanlike manner. If the argument of Mr. Nicholson were sound the whole of the provisions of the taxing Bill should be duplicated in this Bill. Should we remove the provision from the taxing Bill?

Hon. J. Nicholson: It is quite right there.

The CHIEF SECRETARY: Will the hon. member consent to its being deleted from the other measure?

Hon. J. Nicholson: It is merely inserted in the other measure for information.

The CHAIRMAN: If it is not relevant to the taxing Bill, it should not appear there.

Hon. J. NICHOLSON: In the taxing Bill it is included at the end of the third schedule by way of explanation to show that the people standing in that relationship are exempted to one-half the duties. The assessment Bill was passed first, and the draftsman thought it wise to include the provision at the end of the third schedule of the taxing Bill.

The CHAIRMAN: Should it be in the taxing Bill?

Hon. J. NICHOLSON: It is merely included there for information.

The Chief Secretary: It should be in one Bill or the other.

Hon. J. NICHOLSON: Leave it in the assessment Bill.

Question put and negatived; the Council's amendment insisted on.

Resolutions reported, the report adopted, and a message accordingly returned to the Assembly.

## **BILL—FARMERS' DEBTS ADJUSTMENT.**

### *Second Reading.*

Debate resumed from the previous day.

HON. J. NICHOLSON (Metropolitan) [9.5]: The original Act was introduced some four years ago. It is generally recognised that it has been of benefit to the farming community, which is one we all desire to assist. It provided something novel in the form of what was described at the time as a gentlemen's agreement, and has worked beneficially. Naturally with legis-

lation of such a novel character it was found necessary to amend it from time to time. Practically every year since 1930 some amendment has been placed on the statute book. Whilst we desire to continue to help the farming community we must consider carefully the nature of the legislation that is submitted to us, having that object in view. This Bill possesses features that require more than ordinary consideration. I refer particularly to Clause 6. If that were passed into law it would only be attended by great disaster to the farming community, and would probably seriously affect the credit of the State generally.

Hon. A. Thomson: To which part do you refer?

Hon. J. NICHOLSON: The whole clause should be deleted. It gives power to a farmer to make application for a stay order, and have his debts written down. Various powers are also given to the director. Subclause 3 contains certain provisions with regard to the securities held by the Agricultural Bank. Apparently it is intended to leave them out of consideration. Under Subclause 7, by resolution of four-fifths of the creditors in value and not necessarily in number, the creditors may sanction a scheme for writing down or suspending the farmers' debts. No proposal of that sort will be carried into effect without the consent of the first mortgagee. Immediately after that in the same clause a proviso follows which nullifies the necessity for the consent of the first mortgagee. The last three lines of the paragraph state that a resolution may be passed by the creditors, and shall be valid and effective notwithstanding that the first mortgagee does not consent. The effect of the proviso is to release the farmer from any personal covenant, and the consent of the first mortgagee in that case will not be required. In every mortgage there is invariably a personal covenant entered into by the mortgagor. He covenants to repay the loan either on demand or at a certain time, together with interest, and also to repair the property, pay taxes, etc. All these are personal covenants.

Hon. A. Thomson: Is not the intention of the proviso to release a man's free assets?

Hon. J. NICHOLSON: That is not made clear. The proviso reads—

Provided, however, that subject to the aforesaid majority a resolution suspending the lia-

bility of the farmer on a personal covenant or contract in relation to any security or whereby the farmer is released wholly or partly from his liability on a personal covenant or contract in relation to any security may be passed by the creditors and shall be valid and effective notwithstanding that the first mortgagee does not consent thereto.

Hon. H. V. Piesse: That is merely writing down the debts of other than the first mortgagee.

Hon. J. NICHOLSON: No. Where the resolution is passed with a majority of four-fifths, even if, in consequence, the personal covenant is suspended or the farmer is released wholly or partly from the covenant, then the consent of the first mortgagee is not required at all. One of the principal features of any mortgage is the personal covenant, and clearly to write down indebtedness, or suspend any portion thereof, must have an effect upon the credit of the individual. I would direct the attention of members to the position regarding writing down generally. Such a policy would be unwise in the best interests of the farming community.

Hon. A. Thomson: That is questionable. What is your remedy if you do not write down?

Hon. J. NICHOLSON: There is nothing to hinder the whole of the creditors unanimously entering into an arrangement with regard to a particular individual? It would be far better to leave this action not to be enforceable by statute, which would extend an invitation for applications to be made to the director, who would be inundated as a result, with serious consequences to the farming community and to the credit of the State. Once we commence the process of writing down as a right by virtue of an Act of Parliament, then, if we apply that privilege to one section, we must apply it generally. We cannot grant the right to the farming community without affecting others concerned. I would cite the position of the country storekeeper, who may probably have maintained a farmer for many months, allowing him the necessary credit because of the regard in which the farmer is held by him.

Hon. A. Thomson: Unfortunately the storekeeper is an unsecured creditor.

Hon. J. NICHOLSON: I am citing the position of the storekeeper as an ordinary unsecured creditor. The storekeeper may have allowed the farmer to run up a fairly large bill, and he may have

a multitude of other farmers in a similar position. If we permit the writing down of the debts of those farmers, the position of the storekeeper will undoubtedly be seriously imperilled.

Hon. H. V. Piesse: But the storekeeper will be paid cash, as the result of the writing down.

Hon. J. NICHOLSON: His financial position will be seriously imperilled.

Hon. T. Moore: It might be greatly improved.

Hon. J. NICHOLSON: Instead of the storekeeper being able to pay 20s. in the pound to the merchants to whom he owes money, the unfortunate man may have to seek refuge through the Bankruptcy Court or call a meeting of his creditors and, perhaps, wind up his business.

Hon. A. Thomson: Unfortunately he is in that position to-day.

Hon. J. NICHOLSON: He may be. I suggest that once we commence this process, we will find it irresistible to disagree to the writing down of all debts of all persons. In that event, a position of uncertainty and instability will be created, with loss of credit to the State. If we place such a provision in an Act of Parliament, who will advance money on farming property?

Hon. H. V. Piesse: The farmer will have greater assets to secure if certain of his debts are written down.

Hon. J. NICHOLSON: I will deal with that aspect later. I claim that no one would grant credit to a farmer if such legislation were enacted, let alone advance money to him. It would mean that the only safe method of business would be on a cash basis, and that would create a very serious condition of affairs for the farmers. I recall the difficult position that was created years ago with regard to land tenures when it was decided that all C.P. land was to be transformed into leasehold, and no freeholds were to be granted. A feeling of insecurity was created, and the farmers suffered accordingly. There was a lack of desire to advance money to them. In the present instance a much more serious position will be created, and we should consider the situation carefully before arriving at a determination. I suggest that this particular portion of the Bill should be left out entirely.

Hon. H. V. Piesse: And break the hearts of the farmers!

Hon. J. NICHOLSON: I do not think so. On the contrary, legislation of this description will destroy the credit of the State, without doing any good at all. It will work infinite harm to the farmer whose rehabilitation will be appreciably retarded. I am as anxious as any other member to assist farmers to reach a better position, but I appeal to members seriously to consider this particular proposal. Every country experiences good and bad times. There are fluctuations regarding market prices, and probably at the present juncture prices are at the lowest possible point. I acknowledge that such conditions tend to create despair in the mind of any man, but legislation such as that we are considering is calculated to feed that feeling of despair instead of to imbue men with a better and more desirable spirit. If creditors are compelled to write down debts during a period of depression such as exists at present, it is noteworthy that no power is included in the Bill to write back those debts if the position should improve. It is apparently not intended to restore the position of those who may have been helpful in keeping the farmers going. There is no provision that will assist in the rehabilitation of the storekeeper, for instance, who must go under, with consequent disaster to others. We all know the fluctuations that take place regarding the price of wheat, in which direction the fluctuations are probably greater than in respect of any other commodity.

Hon. T. Moore: And the fluctuations are mostly downwards.

Hon. J. NICHOLSON: I admit that prices have been down for a long time, but we have also experienced times when abnormally high prices ruled. I admit that that condition obtained mostly during the war period—which was not to the good of the community. We desire normal conditions, and then the whole outlook for the farmers and everyone else will be changed. Once we commence writing down debts, it will mean giving one section benefits at the expense of others, who may be forced into bankruptcy.

Hon. H. V. Piesse: But the action will be taken by resolution.

Hon. J. NICHOLSON: With a four-fifths majority. Any such action should be taken voluntarily, with the unanimous consent of all creditors, and should not be done by way of statutory authority.

Hon. H. V. Piesse: But there is provision for a majority.

Hon. J. NICHOLSON: No, a majority resolution to suspend liabilities. It could be done without the consent of the first mortgagee.

Hon. H. V. Piesse: It would require his consent.

Hon. J. NICHOLSON: That is not so.

Hon. H. V. Piesse: It must be done with the consent of the majority of the creditors.

Hon. J. NICHOLSON: No. The last few words in the proposed new Subsection 7 in Clause 6 mention that the consent of the first mortgagee is not necessary.

Hon. L. Craig interjected.

Hon. J. NICHOLSON: The personal covenant is a most vital feature of a mortgage.

Hon. H. V. Piesse: Will you explain the meaning of personal covenant?

Hon. J. NICHOLSON: It is a covenant by the individual who is granted a mortgage that he will repay the principal sum at a certain time, etc.

Hon. L. Craig: His covenant has to be accepted by the creditors.

Hon. J. NICHOLSON: The Bill says that he may be released wholly or partly. A farmer might return to a condition of prosperity and be in a thousand times better position in five years' time than the man from whom he borrowed the money. The position is serious in the extreme. If a change of conditions occurred and we got back to more normal prices for commodities, the whole outlook for the farmer would be changed. Meanwhile, however, the farmer would have destroyed his credit and would have ruined the credit of many other people, and the State, instead of being able to rehabilitate the farmer, would sink lower than ever. I foresee in this class of legislation a position fraught with considerable danger to the financial stability of the State and everyone in it. Suppose all the debts were written down, there would be no means of restoring the original position in the event of the farmer's condition improving. The man in whose favour debts had been written down would, with an improvement in prices, get back his property at the cost of other individuals who would have suffered. That is neither fair nor reasonable, and it should not be left to the resolution of any majority of creditors. If men choose

to write down debts of their own free will, they must suffer the penalty for so doing.

Hon. H. V. Piesse: The farmers could come under a scheme of arrangement.

Hon. J. NICHOLSON: That could be done. If a farmer chose to take refuge in that way, there is provision under the Bankruptcy Act for anyone to come under a scheme of arrangement. It would be far better to arrange matters by that method than by the method sought to be established under the Bill.

Hon. H. V. Piesse: The mortgagee is not interfered with under that scheme.

Hon. J. NICHOLSON: No one is interfered with. For the sake of the financial stability of the State, it would be far better to allow such matters to be dealt with by that method than by the method proposed in the Bill. This provision is an open invitation to farmers to apply for a writing down of their debts.

Hon. H. V. Piesse: If a man applied to come under the scheme and his application was not approved, could he not still revert to the arrangement under the Bankruptcy Act?

Hon. J. NICHOLSON: There is nothing to hinder any man invoking the aid of the Bankruptcy Court. Any man in difficulty is free to do that.

Hon. H. V. Piesse: Under this measure the mortgagee has the big say. He holds the big stick over the four-fifths.

Hon. J. NICHOLSON: No, the proviso kills it absolutely.

Hon. H. V. Piesse: He would still have the big say in the votes.

Hon. J. NICHOLSON: There might be instances in which he would be swamped.

Hon. H. V. Piesse: He has no say in the arrangement.

Hon. J. NICHOLSON: His consent is not required under the proviso. The hon. member might have sold a property, and the amount owing might be reducible over a period of years and his debt accordingly reduced. The purchaser might have incurred other debts in the meantime, and the hon. member as mortgagee might find himself in a very undesirable position indeed.

Hon. H. V. Piesse: I would still have the first mortgage over the land.

Hon. J. NICHOLSON: But such a procedure would create insecurity and insta-

bility in all classes of investment in the country, and must do harm. Do that and we would be doing the greatest possible injury to the farmer.

Hon. H. V. Piesse: Could not the proviso be altered in some way?

Hon. J. NICHOLSON: I am anxious to help the farmer, who has my fullest sympathy. I happen to be interested in a farm. At the same time I do not want to see the farming community ruined, or farm properties brought to a condition of utter despair.

Hon. H. V. Piesse: You are in a different position from the man who would be dealt with under this provision.

Hon. J. NICHOLSON: I do not know that I am.

Hon. H. V. Piesse: But I do.

Hon. J. NICHOLSON: I might be in a precisely similar position. If the creditors met and resolved to write down a farmer's debts to so much, then, as Mr. Piesse suggested earlier, the farmer would have a bigger equity in his property. Naturally I assume there would be no resolution passed by the creditors that would mean a writing down of the whole of the debts so as to leave the whole of the property to the farmer. I could not contemplate that happening. The creditors, both secured and unsecured, would feel that they had a security and were entitled to get their money out of the property.

Hon. H. V. Piesse: They would not accept a writing down unless the money were paid.

Hon. J. NICHOLSON: The money would not be paid.

Hon. H. V. Piesse: This will not go through unless the money is available to pay the composition.

Hon. J. NICHOLSON: Surely the hon. member is not suggesting that the amounts by which debts are written down are going to be paid!

Hon. H. V. Piesse: Yes.

Hon. J. NICHOLSON: The hon. member is under that impression?

Hon. H. V. Piesse: I do not see how any composition could be arrived at otherwise.

Hon. J. NICHOLSON: The hon. member has not viewed the Bill in the same light as I have. I may have put a wrong construction on it.

Hon. T. Moore: That is what the Federal money is for.

Hon. H. V. Piesse: Of course.

Hon. J. NICHOLSON: I think the hon. member is absolutely wrong in his assumption. I did not understand him previously. Apparently he is of opinion that the money to be found by the Federal Government will be used to write down the debts of farmers.

Hon. H. V. Piesse: That is so.

Hon. J. NICHOLSON: Then I point out that the hon. member is absolutely wrong in that conception.

Hon. H. V. Piesse: No composition can take place without it.

Hon. J. NICHOLSON: If a debt is paid, it is automatically written down without any need for a Bill being passed. To write down any debt a Bill like this is not required.

Hon. H. V. Piesse: But every creditor's debt would be written down in the same proportion and the money paid after a composition.

Hon. J. NICHOLSON: If there is money to be paid by writing down the debts, that is not a writing down of debts at all. What is meant by writing down is releasing a farmer from any liability to pay that portion of the debt to be written down. This Bill has no relationship whatever to any grant that may be made by the Federal Government, and the hon. member is under a misconception entirely.

Hon. J. J. Holmes: Who gets the money if they write down?

Hon. J. NICHOLSON: Under this measure no payment would be made at all.

Hon. H. V. Piesse: Then there will be no writing down.

Hon. J. NICHOLSON: That is what I urge, namely, that there should be no writing down without the consent of all the creditors.

Hon. H. V. Piesse: No payment, no writing down.

The PRESIDENT: I suggest that this conversational discussion is more suitable for the Committee stage. I am sorry to interrupt the hon. member, but he is dealing with a particular clause of the Bill.

Hon. J. NICHOLSON: I have no wish to carry on the discussion longer than is necessary, but I feel that the Bill is attended with very grave danger to the State if it be passed into law. I have no hesitation in asserting that it will be disastrous for farming properties generally. If debts are written down obviously what is called the equity of the

farmer in the property will be improved to the extent to which the debts are written down. Naturally the debts would not be written down to any greater extent than the creditors thought at the time of passing of the resolution the total assets of the farmer were worth. If a property were worth £5,000 to-day and the man owed £7,000, and the creditors by resolution decided to write down the debts pro rata to the tune of £2,000,—the value of the property to-day—it would mean that the farmer would be in the position that, if a rise in commodity prices took place, whatever benefit accrued would be a benefit entirely to him and not to the men who had found the £2,000. Suppose in five or six years, not only commodity prices increased but the value of the land advanced in sympathy, the farm, instead of being worth about £5,000 might be worth £10,000. The creditors who had written down securities would not get one penny back beyond the £5,000. They would have made a gift to the farmer, and they would have no remedy against him to recover the difference between the amount of the debt, £5,000, and the £10,000 representing the enhanced price. I impress upon members the seriousness of the matter. I suggest that Clause 6 be eliminated entirely from the Bill, and better still that the Bill should be brought up for consideration early next session. The matter could then be referred to a select committee, the members of which could make the fullest investigation. Looking at it from the economic standpoint, and studying it from every angle, I urge members not to pass Clause 6 at this stage. I feel impelled to record my vote against the second reading.

**HON. L. CRAIG** (South-West) [9.48]: The Bill will have very far-reaching effects and the House should give it careful consideration. At the present time we are dealing with the Agricultural Bank Bill, and what we do with the Bill now before us we must also do with the Bank Bill. The Bill we are considering deals with clients who do not come under the Agricultural Bank, and it makes provision that creditors may—not must—if they so desire, write down farmers' debts. The Agricultural Bank Bill makes the same provision that four-fifths of the creditors may write down those debts. If we say that four-fifths in value of the creditors of Agricultural Bank clients shall have the power to write down those debts, we must

be consistent and support this Bill. I am a little afraid of the Bill, but I think we can take it to the Committee stage and study it clause by clause. The Bill will deal with only those farmers who are in a desperate plight. It does not deal with a farmer who has any hope of getting through without assistance. A small creditor of one-fifth or less of the debts will not be able to hold up the other creditors who may have a genuine desire to write down the debts. The Bill deals with the man who is almost down and out. Let us get to the Committee stage and if necessary cut out the proviso. I do not think we should wipe out the clause *holus holus*. There must be a desire for it, otherwise it would not have been brought forward. But we should be very careful what we do because we have also the Agricultural Bank Bill to deal with and it is necessary that that Bill should go through. We cannot throw out this Bill and pass the Bank Bill. Many of the Agricultural Bank clients have nothing. They became clients of the Bank because they had nothing, and under the Bank Bill the Bank will have power to call the creditors together and four-fifths of them will be able to write down the debts. Farmers under this Bill are men who have capital and who, perhaps, later got private creditors to advance them money. Are we going to say that they shall receive no consideration, and that the man with nothing shall have his debts written down? It would be inconsistent. So let us get into Committee and amend it as much as we like. I shall support the second reading.

**HON. A. THOMSON** (South-East) [9.52]: If I thought the passing of the Bill would result in what has been indicated by Mr. Nicholson, I would not support it. But we find that the Farmers' Debts Adjustment Act already in existence provides practically for the whole or the greater part of what is contained in the Bill before us.

**HON. J. NICHOLSON**: Not what is in Clause 6.

**HON. A. THOMSON**: I admit that, but we find in Clause 4 a further proviso which sets out that the creditors may by resolution passed at a meeting, of which at least seven days' notice in writing has been given, resolve that any particular asset which does not come within the category of a farming asset, and which is not needed for the pur-

pose of carrying on the farmer's business, may be excluded from the operation of the stay order. Mr. Nicholson dealt extensively with the matter and he sees difficulties which I do not see. What is proposed is in existence to-day. I have advised men to have private meetings of their creditors and make an arrangement with them so as to be able to carry on. My interpretation is totally different from that of Mr. Nicholson, although I am not going to set my lay opinion against his legal opinion.

**HON. T. MOORE**: Is the hon. member in order in discussing the clause in detail? This has been going on for the past hour and we shall have to go all over it again when the Bill reaches the Committee stage.

**THE PRESIDENT**: I have already suggested that the discussion on the clauses might better take place in Committee, but Mr. Nicholson considered the matter so vitally important that I allowed him to proceed, and as I did so at length it is only fair that Mr. Thomson should deal with some of the arguments used by Mr. Nicholson. At the same time, I hope Mr. Thomson will only incidentally refer to the clause and leave the detailed arguments for the Committee stage.

**HON. A. THOMSON**: We know that there are in the Bill what might be termed dragnet clauses, and by way of illustration I might incidentally refer to Clause 50 of the Agricultural Bank Bill. If the result of the Bill is to be what has been indicated by Mr. Nicholson, that it is going to injure the credit of the farmers, and incidentally ruin those who have assisted them, I shall hesitate before I pass it. At the same time I feel a measure of this kind is long overdue and a large section not only of the farmers, but the creditors as well, are looking for ways and means of avoiding what might be termed the wholesale bankruptcy of our farming community.

**HON. J. J. HOLMES**: Are we going to improve the position by writing down assets?

**HON. A. THOMSON**: From the discussions I have had, particularly with unsecured creditors, I think they would welcome some means whereby a writing-down would be brought about which would give them a prospect of obtaining something which they have no hope of getting under existing conditions. The Federal Government are making available a grant which will relieve some, and I take it the intention of the State Gov-

ernment in introducing the Bill is to provide ways and means whereby creditors and debtors can be brought together. I know a hardship is going to be inflicted, but I hope the House will agree to the passing of the Bill, for I do not think we have anything to gain by postponing it.

**HON. H. SEDDON** (North-East) [10.1]: As already pointed out, this is essentially a Bill for Committee, and so I shall be very brief. The Bill will have a far-reaching effect. It is obvious from the debate that there are expectations that the Bill will provide means whereby money coming from the Federal Government will be distributed. In those circumstances it is only to be expected that any farmer requiring relief will desire to take advantage of the Bill so as to get some of that money. Obviously if there is to be a general writing down of farmers' debts, the creditors of the farmer, who themselves in many instances are heavily involved, will expect to get some advantage from the payment of the Federal money. I know more than one country storekeeper who is seriously embarrassed through giving extended credit to the farmer. What kind of relief are they going to get?

Hon. L. Craig: Many of the creditors will not agree to a writing down.

Hon. H. SEDDON: Then pressure will be brought to bear on them.

Hon. A. Thomson: You cannot bring pressure on country storekeepers.

Hon. H. SEDDON: I think it will be done by their customers. However, the whole thing appears to me to be loaded, and on that account I hope the Bill will be amended in Committee. For instance, Clause 3 provides that where a man applies for a stay order, the duration of the stay order may be as approved by the Director. The existing Act provides a period of 21 days, and I think a definite period should be prescribed here. That is an indication of what I hope may be effected by amendments in Committee. I will support the second reading, but I expect to see the Bill materially amended in Committee.

**HON. L. B. BOLTON** (Metropolitan) [10.5]: In the main I agree with what Mr. Nicholson said. I will support the second reading, but in Committee I will vote for the deletion of Clause 6, which in its present form is very dangerous.

**HON. T. MOORE** (Central) [10.6]: I agree with the principle of the Bill. If there is one man looking for the Bill to be passed, it is the storekeeper. I believe he will have a chance if the farmers' debts are so written down that the creditors will have a fair share of the writing off allotted to each of them, and the farmer will be able to pay something at the end of six or twelve months, which to-day he cannot do. Whatever money we are to get from the Federal Government will go to the creditors. I cannot see how the farmer is to get the money, but certainly his load will be lightened and he will be in a position to meet his liabilities each year. Mr. Nicholson remarked that a sudden rise may take place and we may find ourselves back in normal times. If the hon. member knew farming he would know that the present is a normal time for farmers. It was an abnormal time that gave the farmers some money. It is the spirit of hope that keeps the world going, but the spirit of despair is preventing the farmers from doing anything to-day. What hope have they, and in those circumstances what hope have the storekeepers and creditors of getting anything? I will support the second reading, because we must have a showdown, we cannot go on piling up interest year after year. But we should get into Committee on the Bill where, if necessary, amendments can be made, or at all events discussed.

Question put and passed.

Bill read a second time.

## BILL—LAND ACT AMENDMENT.

### *Second Reading.*

Order of the Day read for the resumption from the 6th December of the debate on the second reading.

Question put and passed.

Bill read a second time.

### *In Committee.*

Hon. J. Cornell in the Chair; the Honorary Minister in charge of the Bill.

Clauses 1 to 4—agreed to.

Clause 5—Amendment of Section 18 of the principal Act:

The HONORARY MINISTER: I move an amendment—

That the following be inserted to stand as Subclause (6):—

“(6) If any lease so amended under this section is subject to any encumbrance or if an amendment has already been made in a lease as referred to in the last preceding subsection and that lease was subject to any encumbrance at the date of such amendment, then by force of this Act such encumbrance shall be deemed to attach or to have attached to the land included in the boundaries of such lease as amended as if such land had been the subject of the lease at the date of such encumbrance.”

Since the passage of the Bill through another place, further specific difficulties have been discovered by the Titles Office as to dealing with adjustment of boundaries of pastoral leases. After consultation with the Commissioner of Titles it is considered necessary to move this amendment, which will obviate the difficulties now existing. The amendment, which appears on the Notice Paper, speaks for itself really.

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

Clauses 6 to 9—agreed to.

Clause 10—Amendment of Section 97 of the principal Act:

The HONORARY MINISTER: I move an amendment—

That all the words of the clause after “adding,” line 2, be struck out, and the following inserted in lieu:—

“subsections as follows:—

(5) When any reserve, road, or stock route comprising land within or adjoining the boundaries of a pastoral lease is—

(i) found on survey or otherwise to be incorrectly shown in the plan on the pastoral lease in relation to the boundaries of any such land; or

(ii) cancelled or closed, as the case may be, as regards such land or the position thereof is altered in such a way as to affect the boundaries of the pastoral lease the Minister may direct—

in case (i) that the said plan be corrected;

in case (ii) that the said lands be added to the area of the pastoral lease or that the boundaries be amended to conform to such alteration in position and that the rent be adjusted accordingly.

(6) The Minister shall give notice to the Registrar of Titles of any amendment made under this section to the boundaries (and are and rental, if altered) of a Crown lease registered under the Transfer of Land Act, 1893; and its amendments, and such notice shall be accompanied by a plan, certified by the Surveyor General, showing the original unamended boundaries, and the Registrar, on receipt of such notice and plan, shall amend the original and duplicate lease in accordance therewith.

(7) If any pastoral lease amended under this section is subject to any encumbrance then, by force of this Act, such encumbrance shall be deemed to attach to the land included in the boundaries of the pastoral lease as amended as if such land had been the subject of the lease at the date of such encumbrance.”

Further difficulties have been discovered by the Titles Office in respect of adjustment of boundaries of pastoral leases. This amendment will remove them.

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

Clause 11—Amendment of Section 106 of the principal Act:

Hon. A. THOMSON: What is the reason for the striking out of the words “to remove, and cart away any timber, sandalwood, or other woods or” as proposed in paragraph (b)?

The HONORARY MINISTER: I am informed that the provision proposed to be deleted conflicts with the Forests Act. This opportunity is being taken to obviate the conflict. I move an amendment—

That the following be added to paragraph (b):—“and also by striking out the word ‘growing or,’ in the fourth line thereof.” The words “growing or” are not necessary at all.

Amendment put and passed.

The HONORARY MINISTER: I move an amendment—

That in paragraph (c), after the word “any,” line 3, there be inserted “enclose or.”

This is a most important amendment, and I hope the Committee will agree to it. It affects the rights of Western Australian aborigines, who ever since the year 1851 have had the right to enter upon any unenclosed or enclosed but otherwise unimproved, part of pastoral leases. In another place the clause was amended so that aborigine

might at all times enter upon any unenclosed and unimproved parts of land the subject of a pastoral lease to seek his subsistence. I do not know that anyone would attempt to prevent either a native or any other person from entering on any unenclosed and unimproved part of a pastoral lease. If the clause is passed in its present form, it means that we shall say to the natives of the State, "You shall have no right to be on any part of a pastoral lease which is fenced." Millions of acres in Western Australia are subject to pastoral lease conditions, and in almost every case the area is fenced.

Hon. J. J. Holmes: There are tens of millions of acres unfenced.

The HONORARY MINISTER: The areas I speak of enclose native waters which the natives have been accustomed to use from time immemorial. If the clause passes as it now stands, natives will not be allowed to seek subsistence by their usual methods.

Hon. L. Craig: They may be allowed.

Hon. J. J. Holmes: And will be allowed.

The HONORARY MINISTER: I suppose that in many cases they will be, but unfortunately in many other cases they will not be.

Hon. G. W. Miles: Where?

The HONORARY MINISTER: By the amendment we say to the natives that while as regards a large proportion of the State they have been used to roam over it as they liked, they shall not in future be permitted to do so except as regards unimproved portions.

Hon. L. Craig: Except with the permission of the station owner.

The HONORARY MINISTER: Why should that permission have to be obtained?

Hon. L. Craig: There is a reason for it. I shall state the reason.

The HONORARY MINISTER: The principal reason is that the land has been taken up by persons who are raising stock on it. It is all right for the native while he is employed on a station; but the moment he is not employed, he finds himself in serious trouble. When not wanted by the employer, the native has to go off the property. Then he finds himself at once on somebody else's property, and that somebody else does not want him, and so he has to get off there.

Hon. G. W. Miles: Have you ever known a case of that sort?

The HONORARY MINISTER: Yes.

Hon. G. W. Miles: Very rarely.

The HONORARY MINISTER: The effect of the amendment sooner or later would be that the only areas available to the natives would be the native reserves or settlements.

Hon. L. Craig: You are exaggerating.

The HONORARY MINISTER: Not at all. Since 1851 the natives have had the right to enter upon pastoral leases for the purposes that are specified.

Hon. G. W. Miles: Do you want an out-law to tell a pastoralist what he shall do with his property?

The HONORARY MINISTER: No, but we have no right to take away from the natives a privilege they have had ever since they occupied this country.

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

Hon. J. J. Holmes: You can take away anything you like from the white man, but you must not take anything from the black fellow.

The HONORARY MINISTER: It is provided in a pastoral lease that natives shall have the right at all times to enter upon any unenclosed or otherwise unimproved pastoral lease for the purpose of seeking subsistence thereon. That is provided for in the Land Act of 1898 in the 24th schedule. When the Act was being consolidated last year, it was desired to insert a section covering the same ground as was covered in the schedule. When the Bill was before another place that particular clause was deleted on the ground that the contents of it were already contained in the lease documents. We now find that in the absence of that clause there is no power to include this right in any future leases. When new leases are issued, therefore, they will not include that right to the aborigines, who will thus be deprived of the privilege they have enjoyed since 1851.

Hon. G. W. Miles: A leaseholder must have some rights.

The HONORARY MINISTER: I submitted the matter to the Chief Protector of Aborigines.

Hon. L. Craig: You could not have submitted it to a worse man.

Hon. J. J. Holmes: He is the great white chief.

The HONORARY MINISTER: He has pointed out that Section 92 of the Act pro-

vided for the form of application to be made for leases, and the form in which the lease itself shall issue. That form contained a provision in respect to the full right of aboriginal natives of this State at all times to enter upon any unenclosed or enclosed and otherwise unimproved part of such lease. The effect of the amendment made in the Assembly would, he said, give the pastoralists the right to exclude the aborigines from millions of acres of land to which they have hitherto had free access. If they were debarred from entering upon the leases they would be forced into native settlements and reserves, and this would lead to the creation of more and larger reserves, and possibly the acquisition of some of the leases for the creation of those reserves. The moment the natives are told they no longer enjoy this right, but are debarred from entering these leases, the Chief Protector fears that trouble will ensue, and there may arise a species of conflict between the natives and pastoralists which has hitherto not cropped up to any extent.

Hon. L. Craig: The Chief Protector talks like a child.

The HONORARY MINISTER: I do not think the hon. member understands the subject as well as the Chief Protector does.

Hon. G. W. Miles: Does he not?

The HONORARY MINISTER: The natives should not be deprived of this right. We shall be breeding a lot of trouble for ourselves if we do this. Millions of acres in the North are held as pastoral leases, but if the Bill is passed as printed the natives will have no right to enter upon any portion of that area. I know there are men who will be only too pleased to take action against them if they are given the right to do so.

Hon. L. Craig: They would get a thin time up North if their names were known.

The HONORARY MINISTER: Unless the Bill is amended probably many additional natives will have to be fed and looked after by the Government. Surely members do not want that to occur.

Hon. G. W. Miles: The case put forward by the Honorary Minister is not altogether correct. Our pastoralists treat the natives better than they are treated by some of the Government departments. The natives in the North work on the stations, and the owners are not only supporting them, but their dependants as well and others who do

no work at all. The station owners should have the right to order outlaws off their properties. The natives already enjoy many privileges. If they are going for their holidays they are given the right to traverse leasehold properties. If, however, they are caught interfering with the sheep the owners should have the right to order them off. In the Kimberleys I do not know of more than one or two stations that are fenced. I do not know that there is one pastoralist in the State whose holdings are wholly fenced.

The Honorary Minister: You know full well there are many.

Hon. G. W. Miles: There are many pastoral leases in the State that are not fully improved yet and the majority are not completely fenced. To say that a pastoralist will have no right to put a native off his property if he has been interfering with operations is ridiculous.

The Honorary Minister: I did not say anything of the sort.

Hon. G. W. Miles: Not one pastoralist in a hundred would attempt to put a native off his property unless there was some very good reason for it. In the Assembly men like Messrs. Welsh, Coverley, Rodoreda and Wise, who know the position regarding the natives and the pastoralists, secured the deletion of this proposal and any one of those four North-West members knows more about the position than any officer of the Aborigines Department.

Hon. L. CRAIG: I am surprised that such an amendment should be introduced seeing that members of the Government supported its deletion in another place. In that Chamber there are people who know what they are talking about when they discuss this matter. The amendment would take away from the pastoralists the right to exclude natives from a particular paddock. Several times a year the natives must be permitted to go on their "pink-eyes" and the pastoralists should have the right to tell the natives that when they are hunting, they must not go into a certain paddock where there are ewes with lambs. It may be necessary to exclude natives from certain parts of a lease when water may be short for stock. There are practically no nomad natives as far as Hedland and the station owners have to maintain not only the few workers but feed their children, wives and old people who do not work. I cannot

imagine any station owner deliberately stating that a native must not go on his property.

The HONORARY MINISTER: I have every respect for the North-West members of the Assembly, particularly Mr. Welsh, because of his knowledge of the natives. If all pastoralists were like Mr. Welsh, there would be no trouble at all. I am of opinion that the amendment was agreed to in the Assembly without a full understanding of the extent of the proposal. It would mean that the only place where natives could go would be the unenclosed portions of a pastoral lease. That would not be fair. The Federal Government have had to introduce legislation to protect the rights of natives and the Parliament of this State propose to take some of those rights away. Large areas are fenced in the Kimberleys because of the value of the natural water. It is suggested that the natives shall not have the right to make use of water although they have been in the habit of doing so for many years past.

Hon. T. Moore: What penalty would a native suffer if he were put off a lease?

The HONORARY MINISTER: He would be put off the property.

Hon. T. Moore: The pastoralists would have a job to run the natives off.

The HONORARY MINISTER: If the amendment be not accepted, the natives will be confined in many instances to reserves only.

Hon. J. J. Holmes: There will be plenty presently in the Kimberleys.

The HONORARY MINISTER: The result would be that hundreds of natives would look to the Government for rations. I am not much concerned about that point for the moment, but if Parliament agrees to this proposal, there will be an agitation because we have deprived the natives of something to which they have been entitled from time immemorial.

Hon. L. Craig: If the natives are told they can do anything they like, there will be an agitation too.

The HONORARY MINISTER: That is not what is suggested. If the Committee do not agree to the amendment they will do something that is most unfair.

Hon. G. W. MILES: The Honorary Minister has expressed his appreciation of the knowledge possessed by North-West members in the Assembly. I

conferred with the four members I allude to, after the Honorary Minister's amendment was placed on the Notice Paper. Each of the Assembly members assured me that on no account should we allow it to be included in the Bill. If it be agreed to, the smoke signals will go up and within a week the natives throughout the State will know that Parliament has decided they can do as they like. If we accept the amendment, it will mean that should a native run amok on a station, the pastoralist will not be able to put him off the property.

Hon. J. J. HOLMES: If I thought the pastoralists of the North would turn the natives off their holdings in the wholesale manner suggested by the Honorary Minister, I would be the first to champion the cause of the natives. No one knows the position regarding the natives better than Mr. Craig. If I thought anything was intended other than to regulate unruly natives, I would support the amendment. So long as the natives behaved themselves, there would be no interference. Therefore, I oppose the amendment.

Hon. T. MOORE: The pastoralists take exception, not so much to the natives, as to the dogs that accompany them. Knowing something of the trouble that such dogs can cause, my sympathies are with the pastoralists.

Amendment put and negatived.

Clause, as previously amended, agreed to.

Clauses 12 to 15, Title—agreed to.

Bill reported with amendments and the report adopted.

### *Third Reading.*

Bill read a third time and returned to the Assembly with amendments.

## **BILL—INDUSTRIAL ARBITRATION ACT AMENDMENT.**

### *Second Reading—Defeated.*

**THE HONORARY MINISTER** (Hon. W. H. Kitson—West) [11.6] in moving the second reading said: This is not a large Bill—it contains only two or three amendments—but it is most important. The first is an amendment found to be necessary as a result of a case recently taken in Kalgoorlie dealing with an application for the

de-registration of a certain organisation. The organisation in question had amended its rules in a way that had the effect of amending its constitution. By that amendment of the constitution, it had extended the scope of the organisation to an extent that was objected to by another registered organisation, and it was found that there was no provision in the Industrial Arbitration Act whereby an alteration of the constitution of an organisation could be properly effected. Quite a number of organisations are in a similar position, and therefore it is necessary to amend the Act in order to validate what has already been done by those unions. Section 6 of the Act deals with the constitution of an organisation and Section 7 deals with the rules of an organisation. The Kalgoorlie case was brought by the Plumbers' Union against the Amalgamated Engineering Union. The President of the court directed special attention to the position. He pointed out that there was no specific provision in the Act setting out the course to be followed by any organisation which desired to amend its constitution. In the course of his decision the President said—

The question involved has to be considered from another standpoint which interests all registered unions. That is this: the competency of any registered union by a mere amendment of its rules to alter and enlarge its constitution by the addition of an industry or industries not previously included, and the legal force and effect of such amendment if and when made. A perusal of Section 6 of the Act shows that the foundation of the registration of any society under the Act is the association of employers or workers for the purpose of protecting or furthering their interests in or in connection with any specified industry or, subject to certain conditions, industries. Upon registration, the registered body is confined in its activities within the bounds so laid down which form, properly speaking, its constitution. If at any subsequent date it is intended to include any industries other than those specified, thereby enlarging its constitution, then it is, in effect, seeking to establish a new union, and in such case the procedure laid down by the Act must be followed . . .

It may first of all be noted that there is no specific provision laid down in the Act as to how the constitution of a union, as distinguished from its rules, properly so called, may be altered.

He also pointed out that Section 7 dealing with rules was really intended to relate to the domestic rules of the organisation and

not to be utilised to extend the constitution. Organisations have secured awards of the court and now that their constitutions have been challenged, unless we validate what has been done, the awards will be affected. If as a result of the challenging of the organisations, the awards have no effect, large numbers of workers will be left without any protection whatever. Consequently the first amendment in the Bill is designed to give the President the right to validate what has been done by those organisations, subject to conditions which he might lay down. The Bill also provides a method by which the constitution of any organisation may be amended in future. Large numbers of workers are affected by the awards referred to, and in view of the decision of the President of the court, it is necessary to take the steps provided for in the Bill. The Bill stipulates that what has been done by those organisations shall be validated only on application to the court. I wish to impress upon members the seriousness of the position that has arisen. The second amendment is designed to give registration to what is really the largest organisation in the State, namely the A.W.U., so that it will have power to approach the Arbitration Court. This organisation covers many thousands of workers in various callings, and unfortunately in the past it has not been found possible under our Arbitration Act for it to secure registration.

Hon. J. J. Holmes: Does it not come under the Federal Arbitration Act throughout Australia?

The HONORARY MINISTER: It is registered under the Federal Act, but it does not work under Federal awards, except in certain cases. It has to work under State agreements and consequently it is desired that it should have registration under the State Act so that it might approach the court for an award, if it so wishes. The organisation is one which at all times has been an advocate for arbitration. There is no body that has been such a staunch supporter of the principles of arbitration. The amendment in the Bill provides that the organisation may be registered under certain conditions, and it also sets out that if the union permits a breach of any of the conditions laid down, it will render itself liable to de-registration. Efforts have been made in the past to secure registration, but

owing principally to the objection of other bodies, the applications have failed. We have now reached a stage where those objections have been overcome.

Hon. J. J. Holmes: Will this body still come under the Federal as well as the State Arbitration Court?

The HONORARY MINISTER: Some sections of it will be under the Federal law. As a matter of fact, quite a large number of organisations in this State are registered under the Federal as well as the State Act, and some of them work under Federal awards, and some under State awards, while there are also some organisations working under both. The next amendment has reference to the right of a worker in certain cases to secure what he is entitled to without taking proceedings on two occasions and in two courts. For instance, where an enforcement case is brought against an employer who has been paying less than the award rates, the industrial magistrate may find against the employer, but he very seldom makes an order in regard to the wages short paid, and where that happens it is necessary for the worker to take further proceedings so as to obtain the wages to which he is entitled. The amendment will give the right to the court to order that the wages shall be paid; and it goes a little further. It provides that the amount of wages shall not be considered part of the penalty for the purpose of an appeal against the decision of the magistrate. It provides that the two shall be kept separate, but it does allow the worker to secure that to which he is entitled without taking further proceedings in another court. That applies in cases where wages are unpaid, and most people will agree that where that is the case the amount of wages shall not be included as part of the penalty for the purpose of an appeal, and instead of making it more expensive for him to secure his rights, we can well agree to this provision in the Bill. Those are the principal provisions set out in the Bill, and I hope the House will agree to it. I move—

That the Bill be now read a second time.

HON. H. SEDDON (North-East) [11.19]: This is regarded as a very important Bill. We have had it explained to us for the first time to-night. It deals with

the registration of a union in connection with which there has been a considerable amount of criticism, and I do not think it is a fair thing that we should be asked to deal with it at this period of the session. Therefore I suggest the House should vote it out.

THE HONORARY MINISTER (Hon. W. H. Kitson—West—in reply) [11.20]: I should like briefly to reply to Mr. Seddon's comment. If the action he suggests is taken—

Hon. A. Thomson: Why did not you bring the Bill in earlier? Look at the time we have been sitting already—since 2.30, and there are more important Bills to consider.

The HONORARY MINISTER: This is one of the most important.

Hon. J. J. Holmes: Then you should have brought it in earlier.

The HONORARY MINISTER: It has been before this House for a long time.

Hon. H. Seddon: We have been considering other matters of greater importance, and the Government must take the responsibility now.

The HONORARY MINISTER: The Bill has been in the possession of members for a long while.

Hon. J. J. Holmes: But you have only just finished introducing it.

The HONORARY MINISTER: There are amendments on the Notice Paper placed there by members. It deals with a most important matter, affecting hundreds of workers and a number of organisations, and unless the first part of the Bill is passed we shall have a state of chaos.

Hon. E. H. H. Hall: Has registration of this union been refused?

The HONORARY MINISTER: It has been refused in the past.

Hon. E. H. H. Hall: Why?

The HONORARY MINISTER: Because other organisations complained that the A.W.U. included in its ranks members of their organisations. But I am not concerned about that at the moment.

Hon. E. H. H. Hall: It is too important to bring in at this time of the session.

The HONORARY MINISTER: The important part of the Bill is the first part, and I want members to understand what they are doing if they vote it out. It will affect a large number of organisations, and many

hundreds of workers who are entitled to consideration.

Hon. J. J. Holmes: If you knew that, why did not you bring it down earlier?

The HONORARY MINISTER: The decision of the court was given on the 5th November and it was hardly possible to bring the Bill down earlier. The President of the court has pointed out the seriousness of the position, and has suggested what should be done. We have embodied in the Bill his suggestion, and members should take a little notice of what the President of the court says.

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

Ayes	..	..	..	7
Noes	..	..	..	20

Majority against .. 13

#### AYES.

Hon. J. Cornell	Hon. W. H. Kitson
Hon. J. M. Drew	Hon. T. Moore
Hon. G. Fraser	Hon. E. H. H. Hall
Hon. E. H. Gray	(Teller.)

#### NOES.

Hon. E. H. Angelo	Hon. G. W. Miles
Hon. C. F. Baxter	Hon. R. G. Moore
Hon. L. B. Bolton	Hon. J. Nicholson
Hon. L. Craig	Hon. H. S. W. Parker
Hon. C. G. Elliott	Hon. H. V. Piesse
Hon. J. T. Franklin	Hon. H. Seddon
Hon. V. Hamersley	Hon. A. Thomson
Hon. J. J. Holmes	Hon. H. Tuckey
Hon. J. M. Macfarlane	Hon. H. J. Yelland
Hon. W. J. Mann	Hon. C. H. Wittenoom
	(Teller.)

Question thus negatived; Bill defeated.

*Sitting suspended from 11.30 p.m. to 12.2 a.m.*

### BILL—LOTTERIES (CONTROL) AMENDMENT.

#### *Assembly's Message.*

Message from the Assembly received and read notifying that it had agreed to the Council's amendment No. 3 and had agreed to amendments Nos. 1 and 2 subject to further amendments shown in a schedule annexed in which further amendments the Assembly desired the concurrence of the Council.

The message now considered.

#### *In Committee.*

Hon. J. Cornell in the Chair; the Honorary Minister in charge of the Bill.

Council's Amendment No. 1—Delete Clause 2:

Assembly's amendment on the Council's amendment—Add the following words to the amendment:—"and insert the following new clause in lieu thereof":—

Clause 2. Section 3 of the principal Act is hereby amended as follows:—

(a) By striking out the word "four" in line 1 of paragraph (c) and inserting the word "three" in lieu thereof.

(b) By striking out the word "three" in line 1 of paragraph (d) and inserting the word "two" in lieu thereof.

(c) By striking out the whole of paragraph (e) and inserting the following in lieu thereof:—

(e) The members of the commission so appointed shall hold office as follows:—

(i) The chairman shall hold office for the term of five years;

(ii) The remaining two members shall each hold office for the term of one year, provided that they shall be eligible from time to time during the continuance of this Act for re-appointment to office at the expiration of such period.

(d) By striking out the second proviso in paragraph (f) and inserting the following:—

Provided that the aggregate fees payable to all the members in any one year commencing on the first day of January shall not exceed the sum of one thousand pounds of which sum the chairman shall be entitled to receive a sum not exceeding Five hundred pounds and the remaining two members a sum not exceeding Two hundred and fifty pounds each.

Amendment No. 2—Delete the words "thirty-five" and insert the words "thirty-nine" in lieu thereof.

The HONORARY MINISTER: If the Assembly's amendments are agreed to it will mean that the commission of four will be reduced to a commission of three, the chairman will be appointed for five years and the other members of the commission for one year with the right of re-appointment; and the fees to be paid to the commission will total £1,000 of which £500 will be to the chairman and £250 for each of

the other two members; and the Act will be limited to a period of five years. I move—

That the Assembly's amendments on the Council's amendments be agreed to.

Hon. J. J. HOLMES: I understand the chairman has been nominated in another place, but we have no indication as to which member is to disappear from the Commission. We know what happened when the Bill was before us a year ago. For no reason whatever there was a complete change in the personnel of the board then existing, a board doing good work. The only exception that could be taken to the members who were retired was that they were of the wrong political colour. We know that there is now one returned soldier on the board. In view of what has happened, and in view of what is happening, with all these appointments, I am afraid that reducing the numbers of Commissioners from four to three means that the returned soldier, who is of the wrong political complexion, will disappear from the board.

Hon. J. M. MACFARLANE: I am unable to support the Honorary Minister. I have made it clear that I am uncompromisingly opposed to a longer extension of the Act than from year to year. The extension to five years does not appeal to me at all.

Question put and a division taken with the following result—

Ayes	..	..	..	..	6
Noes	..	..	..	..	20

Majority against .. .. 14

#### AYES.

Hon. J. M. Drew  
Hon. C. G. Elliott  
Hon. G. Fraser

Hon. E. H. Gray  
Hon. W. H. Kitson  
Hon. T. Moore  
(Teller.)

#### NOES.

Hon. E. H. Angelo  
Hon. C. F. Baxter  
Hon. L. B. Bolton  
Hon. J. T. Franklin  
Hon. E. H. H. Hall  
Hon. V. Hamersley  
Hon. J. J. Holmes  
Hon. J. M. Macfarlane  
Hon. W. J. Mann  
Hon. G. W. Miles

Hon. R. G. Moore  
Hon. J. Nicholson  
Hon. H. S. W. Parker  
Hon. H. V. Piesse  
Hon. H. Seddon  
Hon. A. Thomson  
Hon. H. Tuckey  
Hon. C. H. Wittenoom  
Hon. H. J. Yelland  
Hon. A. Craig  
(Teller.)

Question thus negatived; the Assembly's amendment on the Council's amendment not agreed to.

The CHAIRMAN: The Council's amendment is thus insisted upon.

No. 2. Delete the word "thirty-five," and insert the word "thirty-nine" in lieu thereof.

The HONORARY MINISTER: I move—

That the Assembly's amendment on the Council's amendment be agreed to.

Hon. J. J. Holmes: That means five years instead of one.

Hon. H. SEDDON: I hope the Chamber will adhere to its previous decision. For reasons I gave yesterday, I regard it as highly desirable that the Chamber should retain control of the Lotteries Commission while that body exists.

Question put and negatived; the Assembly's amendment on the Council's amendment not agreed to.

The CHAIRMAN: The Assembly's amendment is rejected, and the Council's amendment is insisted upon.

Resolutions reported, the report adopted, and a message accordingly returned to the Assembly.

### BILL—ADMINISTRATION ACT (ESTATE AND SUCCESSION DUTIES) AMENDMENT.

#### *Assembly's Further Message.*

Message from the Assembly received and read, notifying that it no longer disagreed to the Council's amendments.

### BILL—KING'S PARK AND UNIVERSITY LAND EXCHANGE.

#### *Assembly's Message.*

Message from the Assembly received and read notifying that it had agreed to the amendments made by the Council.

### BILL—ROAD DISTRICTS ACT AMENDMENT (No. 4).

#### *Assembly's Message.*

Message from the Assembly received and read notifying that it had agreed to the amendments made by the Council.

*House adjourned at 12.22 a.m. (Friday).*