

# Legislative Council.

Tuesday, 16th November, 1937.

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

## ASSENT TO BILL.

Message from the Lieut.-Governor received and read notifying assent to the Anniversary of the Birthday of the Reigning Sovereign Bill.

## BILL—FINANCIAL EMERGENCY ACT AMENDMENT.

Read a third time, and *passed*.

## BILL—FINANCIAL EMERGENCY TAX ASSESSMENT ACT AMENDMENT.

*Second Reading.*

Debate resumed from the 11th November.

**HON. W. J. MANN** (South-West) [4.37]: In offering a few remarks on the Bill, I realise the position in which the Government stands with regard to necessary finance. I agree that it would be somewhat dangerous for this House to deal harshly with the measure. At the same time, in describing this continuation measure as a Bill to amend the Financial Emergency Act we have reached a stage when the statute almost calls for another name. I am conscious that there is an element of paradox and burlesque in associating the term "permanent" with that of "emergency." Nevertheless, "permanent" just about conveys the Government's attitude to this form of taxation. In dealing with the Bill the first question we may reasonably ask ourselves is whether the state of financial emergency still exists and, if it does, how far it is comparable with that of 1932, when the Act was placed on the statute-book. Personally I

do not think that a state of real financial emergency does now exist compared with that of four or five years ago; but the Government, in its endeavour to justify the Bill, assumes that a state of emergency does actually exist. We may infer that, measured by the monetary demands associated with this Bill and the measures associated with it, the financial emergency is as great as, or even greater than, it ever was. However, looking at the matter from another angle we find that when the Government claims kudos and wants to measure the steady return to normality which has been achieved in the last year or two, and for which it claims a great deal of credit, it refutes its first contention, and that the state of emergency is not as has been represented. In my opinion there is no justification for the continuance of taxation under the guise of emergency. If the Government has to raise additional revenue, I suggest that in order to be consistent it should use some other term and should not apply to the measure a false description. There is no comparison whatever between the conditions obtaining to-day and those current when we were unfortunately forced to agree to special taxation in order to raise additional funds. At the present day we can say that revenue is fairly buoyant, with the exception of the return from the Federal Government, and that our prospects are better than they have been for many years. I would prefer to see the Government abolish the Act, and if necessary set about re-arranging the income tax proposals. That phase has been referred to frequently during the debate, and I do not propose to labour it. However, that seems to me a better way. Let us have one form of taxation. I agree that income tax, although distasteful to most of us, is one of the fairest and most equitable taxes, provided it is properly spread. Consequently I think the time has arrived when this supplementary form of taxation should be merged into the income tax.

Hon. G. W. Miles: It would more than double the rate of income tax.

Hon. W. J. MANN: That is a question that can be debated later. Whether we would have to double the income tax is beside my point. My point is that the principle of continuing a tax under the name of emergency, when it no longer exists, is wrong. I want to see the emergency taxation done away with.

Hon. J. Cornell: Then the Government will increase the income tax.

Hon. W. J. MANN: In my opinion that is the correct thing to do. If one travels through the country and listens to men who study public affairs, one will readily agree that the greater proportion of the people in the State actually resent this form of taxation, which they look upon as an unjust burden. I repeat, nobody likes taxation; but I do not agree with those who say that this is or has been an unjust burden. I do agree with those who say, as one man said to me a couple of days ago, that it amounts to taking money more or less under false pretences. One other phase of the question is that notwithstanding promises made by the Government at, I think, the last two elections, that taxation would be reduced, the position is that taxation has actually been increased—that is, to a large section of the community. With the increase has been perpetuated the unfair principle of exempting another section. Perhaps no one realises better than I do the difficulties of the man of small means and the man of small earnings; but I say candidly that my regard for their difficulties does not lead me to believe that exemptions of every description are in their best interests. I subscribe to the principle enunciated throughout the State that everyone should be asked to make some contribution, be it ever so small. I do not believe that the people who are exempt would resent it if they were asked to make a small contribution. There would probably be a few who would complain, but the great bulk of the people who are exempt from taxation and whom the Government seems to think should be exempt from paying any form of taxation, do not actually appreciate it. The amount of money that would be asked of them would be very small. If every man were made to subscribe something it would give him a higher status. It would quicken his interest in public affairs and it would bring home to him plainly the fact that he is an important unit in the community. There is a grave danger of continually encouraging an impression of inferiority and that is what we may do. Continually to exempt people from the ordinary duties of citizenship by giving them to understand that they do not count very much, is not a good plan, because if a person is told that he is of no consequence, and he is told that long enough

he may believe it. The better plan would be to encourage these people to take a bigger and a better view and to see that they bear some small portion of the State's commitments. It is not unreasonable to ask that a person earning the basic wage should pay a small sum. It is not the actual figure that counts with me so much as the principle of everybody participating. A person could very fairly be asked to pay something in return for the advantages he enjoys in other directions. The State and the Commonwealth are spending huge sums in pensions, a very great portion of which can well be justified. The Education Vote, which is also justified, is approaching three-quarters of a million pounds a year. There is something in the vicinity of £120,000 a year expended for child welfare and other praiseworthy work. The State pays more than it receives from the hospital tax for institutions for the sick, the aged, the infirm and the unfortunate, and there are also the contributions of the State for the improvement of the health of the community, for police protection, and for assisting the unemployed. Surely in return for all these services, every wage earner should be prepared to contribute something and not be permitted just to receive all the time without at least attempting to return some equivalent when he is in employment. There are many other forms in which men and women receive advantages from the payments made by the taxpayers and it is quite time that the position as it exists to-day was altered. It is this kind of thing that causes people to accuse the Government of being responsible for class legislation, and as long as it continues that charge will be laid at the Government's doors. As I said at the outset, I do not intend to oppose the second reading, for the reason that to defeat the Bill would seriously embarrass the Government. At the same time, I want to suggest that the Government would be well advised to put an end to this wrongly-described emergency taxation, because there is nothing more certain than that, if the better conditions now happily existing continue, the electors will rise up and demand its withdrawal. It would be better for the Government and Parliament to take action before the people demand it.

On motion by Hon. C. H. Wittenoom, debate adjourned.

# **BILL—STATE GOVERNMENT INSURANCE OFFICE.**

## *Second Reading.*

Debate resumed from the 11th November.

**HON. L. B. BOLTON** (Metropolitan) [4.53]: I accepted the advice of the Minister when he introduced this measure to the House and have carefully read the report of the select committee from another place. Up to that point I reserved my judgment but I have to admit that having read the report together with the recommendations, I am more than ever convinced that I should vote against the second reading of the Bill. It may be that one of the things that prompts me is my utter—I was almost going to say disgust, but that would hardly be the word; however, it will serve—it may be that my disgust with everything savouring of State trading has influenced me. I have at all times opposed State trading in every form and definitely I oppose the State Government Insurance Office Bill. I will endeavour as briefly as possible to give just a few of the reasons why I propose to vote against the measure as I have done on each occasion that it has been brought before the House. I appreciated very much and was impressed by the speeches made by Mr. Baxter and Mr. Angelo. Mr. Angelo's figures were well worthy of consideration and I listened attentively to his remarks, and on the strength of those remarks I think I read more carefully the report of the select committee. In my opinion there is something wrong with our insurance system; something wrong that forces the industries to pay such premiums compared with what similar industries pay in the other States. This was a matter I mentioned when addressing the House on a previous Bill. At that time probably other members, as well as myself may have been under the misapprehension that there was little competition for insurance business. But the select committee's report definitely proves that there is quite a number of companies outside the Underwriters' Association who are quite willing to quote for the business of insurance as required and companies who are quite prepared to quote lower prices for that insurance than some of their competitors. This leaves the impression that the benefits offered under our Workers' Compensation Act are altogether too liberal and that, as I have previously stated in this

House, is much to the detriment of the industries of this State which are still struggling for an existence. I am definitely of the opinion that miners' phthisis as well as allied miners' diseases should be outside general insurance and should be undertaken by the Government in the nature of social insurance only. These diseases are contracted mostly or wholly in an industry, that of gold mining, which is not only able but willing to defray the cost or the greater part of the cost of the claims of the unfortunate miners. That is a matter that should be wholly in the hands of the State. That brings me to that part of the recommendations of the select committee which reads—

Your committee therefore feels that a Royal Commission having at least one actuary as a member should be appointed to make a most careful investigation into the whole matter including the suggestions put before your committee in evidence and also what is taking place elsewhere, and to collect data and report fully as to the possibility of a workable scheme so that Parliament may give consideration to the matter.

I endorse that recommendation. It is absolutely essential in the interests of the State as a whole both from the financial aspect and for the welfare of the miner. If the present financial position and drift are permitted to continue a crisis must ultimately be faced and the Bill should not be passed until a definite pronouncement is made on that point. The Bill contains another proposal to which I am definitely opposed. Clause 8 if passed in its present form, would grant a monopoly to the State Insurance Office. That should be resisted unless a definite promise is given by the Minister to restore approval, under Section 10 of the Workers' Compensation Act, to those companies that have complied with the provisions of the Commonwealth Insurance Companies Act.

Hon. G. W. Miles: You want it included and no promise about it.

Hon. L. B. BOLTON: Section 10 does not apply to any of the insurance companies in the State, and consequently compulsory insurance in Western Australia is nothing but a name. There is no office having the approval of the Minister or the Government. The Minister for Employment, when the Bill of last session was defeated in this House, stated that the Government did not desire a monopoly. Mr.

Watts, in the minority report of the select committee, stated—

We suggested to the Minister that he should consider an amendment to Section 10 of the Workers' Compensation Act, which was also suggested by a number of witnesses, to enable those companies which had complied with the provisions of the Commonwealth Insurance Companies Act, and were carrying on this type of business, to be approved companies so long as workers' compensation insurance continued to be a business. We understood from the Minister, who discussed this matter frankly with us, that some such amendment was receiving consideration. On that statement we rested content, for the time being.

As it appears impossible to amend Clause 8 to enable the companies to be approved, the Bill should be shelved until the Minister has given his approval. At first glance one of the things that struck me forcibly was the enormous amount of business that appeared to be done by the State Insurance Office. Although the figures are much greater than those of the private companies, an analysis shows that 89 per cent. of the State Insurance Office business is mining and only 11 per cent. is general business. Paragraph 6 of the select committee's report shows that the total premium income of the State Office for 1936 was £245,948, as against that of the associated companies £156,251. On page 116 of "Hansard" appears the statement that evidence was given by an officer of the State Insurance Office that 89 per cent. of its revenue came from the mines. On page 65 of the Auditor General's report for 1937 the revenue from all general workers' compensation premiums of the State Office other than for miners' diseases is shown as £125,225. It can therefore be computed that the State Insurance Office revenue from workers' compensation premiums other than mining approximates only £22,000 compared with the companies' revenue from general business in the same year of £156,251. That shows conclusively that employers overwhelmingly prefer the services rendered by the associated companies as opposed to State trading. The same position applies in Queensland, where the State Insurance Office secures only one-sixth, including Government business, of the fire and general insurance business of the whole State. Another point I desire to make refers to administration charges and expenses. The select committee's report shows that the State Office charges amount

to approximately 1.9 per cent., while those of the private companies amount to roughly 38 per cent. The State Insurance Office of Tasmania, however, shows 43 to 49 per cent., Queensland State Office 36 to 39 per cent., and the New Zealand State Fire Office 50.6 per cent. inclusive of £65,295 Government taxes. Government taxes! It would be interesting to know the reason for that huge difference. Often the suggestion has been made that the charges of private insurance companies are much too high. If those charges are analysed, however, they will be found to be reasonable, particularly when compared with the figures for the Queensland State Insurance Office. I propose to quote items of general administration charges in Queensland and suggest that many of them are not charged by the State Insurance Office here. Charges that totalled £166,346 in 1937 included audit fees £1,200. I do not think there is any debit of audit fees against our State Insurance Office. If there is, the Minister in his reply can correct me. General expenses are shown as £8,840. Then comes depreciation £2,004. I doubt very much whether that is charged here. Other amounts include exchange £330, insurance premiums £501, and postages £6,828. Those charges might be made here but it is impossible to ascertain. If not, they represent a large amount. Printing and stationery, £6,889, is another questionable item. In Queensland rent is shown as £13,997. I doubt whether any charge is made for the rent of the premises occupied by our State Insurance Office. Other items include repairs and maintenance of machines, £298; rates, £320. I doubt whether an amount for rates is included here. Cleaning, lighting and salaries would probably be included, but I do not think travelling expenses, £1,200, would be. In Queensland unemployment relief insurance totalling £556 16s. is allowed, but I doubt whether it is included here. I have mentioned those figures to show amounts that would be included in the administrative charges of the associated companies but not in those of the State Insurance Office. I think I would be right in saying that all the items I have mentioned are not included by the State Insurance Office, and that would account for its expenses being 1.9 per cent. as against those of the associated companies 38 per cent. To emphasise my remarks, I

would ask members to imagine themselves as shareholders attending a meeting of an insurance company. The meeting, I should say, would proceed along somewhat these lines. The chairman, in making his annual statement, would be forced to say:—

As you are aware, our business is divided into two sections—(a) that relating to miners' diseases, and (b) that relating to accidents in all industries including mining. In respect to (a) I would advise that there is a general reserve of £261,196 (see page 65 of the Auditor General's report), but I have to admit that this includes provision for admitted or expected claims under section (b) of our business, and I regret that my officers cannot tell me what the amount of this is, and I have further to admit that every trading insurance company in the world discloses this information in its balance sheet. It is a fact that Mr. Reid, Assistant Under Treasurer, stated—

According to the Treasury books as at the end of August, the amount in the State Insurance Fund, whether reserve or otherwise we do not know, was £402,519, and of that £105,566 was invested in Commonwealth consolidated stock. Of the balance approximately £223,000 is held in cash in the Treasury. The balance not represented by cash is included in trust moneys and suspense accounts held by the Treasury, and the money has been used for general account purposes.

I regret therefore that the figures do not agree, but it is certain that according to Mr. Reid's figures approximately £300,000 has been diverted into the Treasury, and is not earning interest. In respect to section (a) of our business in regard to our future liability for miners' diseases, I can only repeat the statement made in Parliament by the Chief Secretary on the 1st September—

The increases recently granted under the Mine Workers' Relief Act were very generous. The potential liability under the Third Schedule relating to mine workers already affected with silicosis was over £1,000,000, and the liabilities of the relief fund were almost as great. The gold profits tax little more than covered the annual payments under the Miners' Phtisis Act, which were paid from Consolidated Revenue. It was necessary to build up substantial reserves to meet future liabilities.

I regret that I cannot give you anything more definite. Other statements are not very reassuring: Mr. J. J. Minihan, clerk in charge of State Office, in reply to Question 120 stated—

An inquiry would be necessary to answer the question adequately. I notice that in the Legislative Council the other night the Chief Secretary, on information supplied to him by the Mines Department, said that the potential liabilities are over £1,000,000. We do not know what is the condition of the men in the mines.

Mr. Bennett, Government Statistician, according to Question 1272, was asked—

Under the improved conditions of mining, is the likelihood of disease as great as it used to be?

In reply Mr. Bennett said—

If I could see inside a man's lung with the eyes of a doctor I could answer the question. I do not know how the new cases are being affected, and I do not know what the future rate of claim will be. There is another difficulty to bear in mind. Mining is very prosperous just now from the point of view of the many engaged in it, but there will come a day. I presume, when it will be a declining industry. Then premiums will begin to go down; but that does not mean that claims will go down. There will be a tendency for them to go up proportionately. An actuary is trained to take a long view, and I like to take a long view of a situation like that. I am certain that the rate of claims, in proportion to the premiums, will take a decided turn some day. When that day will come is in the lap of the gods.

In Question 1291, on page 63 of the Select Committee's report, Mr. Bennett was asked—

Am I right in saying that all your reserves are likely to be required in the future for miners' diseases?

And his reply was—

As I said a little while ago, I would like to know how these mining employees are doing now. We do not know that yet. Those employees have not been long enough in the industry to indicate it. That is the great uncertainty.

The Auditor General, Mr. S. A. Taylor, was also examined, an answer to a question appearing on page 68 of the Select Committee's report is—

We have repeatedly asked for, but have not yet received, any satisfactory explanation of the amount showing how it is assessed or whether it is equitable.

Another question and answer asked of and given by Mr. Taylor were—

You think it is necessary that a determination should be arrived at as to what is the liability of the State Insurance Office in that respect?—Definitely.

Mr. A. J. Reid, Assistant Under Treasurer, on page 71 of the Select Committee's report gave this information in reply to a question—

Has the Treasury any information of the possible ultimate liability of the State Insurance Office in regard to miners' diseases generally? Has any calculation been attempted?—We have endeavoured on many occasions to get the State Insurance Office officials to say what their profits have been. They say they have made good profits, but have an unknown liability for men in the mines, or compensation for industrial dis-

eases, and that therefore the excess of receipts over payments must constitute a reserve fund to be held to meet the liability.

On page 17 of the Auditor General's report it is set out that £89,090 was received for 1936-37 under the Goldmining Profits Act, and this is added—

The goldmining profits tax seeks to recover from the industry the cost to the State of compensation and assistance to those who have contracted miners' phthisis and allied diseases through their employment in goldmining. Although the amount recovered from the tax has been more than sufficient to meet phthisis compensation payments, and the contributions to the Mine Workers' Relief Fund for the three years during which the tax has been imposed, there are other commitments against the revenue fund which have not been recouped.

On page 46 of the Auditor General's report it is disclosed that in the same year £30,136 was allocated for miners' phthisis compensation and £16,329 for the Mine Workers' Relief Act, a total of £46,465 out of £89,090 received for a specific purpose; and this tax has been in force for three years, practically the same position applying each year. In respect to section (b) of our business, I submit the following extracts from Clause 51, page 20, and Clause 91 (1), page 35, and Clause 78, page 29, of the report of the English Board of Trade on Compulsory Insurance. I have that report here.

Hon. C. B. Williams: It is the same colour as "Hansard."

Hon. L. B. BOLTON: But it contains much more illuminating information than is to be found in "Hansard."

Clause 51, page 20: It should be open to the applicant to furnish what may for convenience be termed a certificate of solvency in such form as may be prescribed by the Board of Trade. It would be to the effect—

(1) That as at the date of the latest balance sheet, the liabilities as shown in the balance sheet were not under-estimated, and in particular that—

(a) the provisions made for unexpired risks is adequate, having regard to—

- (1) the rates of premium charged, and
- (2) the incidence of the business during the preceding year of account;

(b) the provision made for outstanding claims is adequate to provide for all claims intimated up to the date of the balance sheet, and not satisfied by that date.

(2) That there are assets available, the realisable value of which is sufficient to satisfy the known liabilities included in the

balance sheet (other than those to shareholders in the case of a company), and to provide an additional reserve of an amount which conforms to the regulations in force.

Clauses 78, page 29: Outstanding claims. We are impressed by the evidence given both on behalf of the insurers and by the liquidators of certain of the companies which failed as to the great importance of having available adequate information with regard to outstanding claims. The under-estimation of these claims has been a material factor in certain of the failures, and we think it most important, therefore, that the returns should provide adequate information relating to the sufficiency of the provision made in respect of outstanding claims.

Clause 95 (1), page 35: An insurance company charges a premium, payable in advance, in return for which the company undertakes all liability for claims arising in the period, e.g., a year, to which the premium relates. These liabilities may extend over many years, and the premiums may prove to have been insufficient, but the company cannot call upon the policy-holder for any further payment in respect of these claims. The company, therefore, must ensure that the premiums it accepts will be sufficient (after the payment of all expenses) to provide not only the cash payments to be made in the ensuing year in respect of new claims then arising, but also all payments to be made thereafter on those claims and in addition a surplus for reserves and profit. At the end of the year of account, there must be in hand a sufficient balance of the premiums to be held as a reserve to provide for unexpired risk, and the payments to be made in future on claims then outstanding. It is, of course, essential that this reserve should be adequate, and the reserves made, in practice, by most of the insurance companies making returns to the Board of Trade contain a considerable margin, with the result that there is ample security for the payment of the compensation, responsibility for which has been undertaken by the company, however long the claims in some cases may last.

My contention is that the State Office does not follow this procedure, nor has the customary provision been made for claims already advised but not settled.

Hon. J. Cornell: To which claims is the hon. member referring, miners' phthisis claims?

Hon. L. B. BOLTON: No definite amount of claims is mentioned. In the face of the case I have attempted to make out, would we be justified in asking that the State Office be legalised, or that permission be given for it to carry on?

Hon. C. B. Williams: Of course.

Hon. L. B. BOLTON: During the past ten years the State Office should have ac-

quired some knowledge, and should be able to ratify past transactions; but my contention is that in view of the report of the select committee, can the Office be considered to be acting as trustees or directors? Therefore we would not be justified in voting for the second reading of the Bill. My contention also is that the Bill should be defeated on the second reading.

Hon. J. Cornell: Will the hon. member make one suggestion; how would he measure the incidence of miners' phthisis?

Hon. L. B. BOLTON: I can only repeat the suggestion I have made, that it should be a State matter, something outside general insurance, something taken care of by the State.

Hon. J. Cornell: Who could carry it?

Hon. L. B. BOLTON: The industry should carry it. The industry is well able and is willing to carry it. It is one of the most profitable industries in the State, and is not only able but willing to carry it. Moreover, the industry is of such value to the State that the State should compel it to carry it. Definitely it is something that should not be carried by the State, and not treated as general insurance. I shall oppose the second reading of the Bill.

**HON. J. M. DREW** (Central) [5.27]: Mr. Baxter fills the role of chief critic in this House.

Hon. G. W. Miles: Who said so?

Hon. J. M. DREW: "Chief critic" is a mild designation, but "Leader of the Opposition" would imply that this is a party House.

Hon. J. Cornell: He who casts the first stone!

Hon. J. M. DREW: Mr. Baxter is well equipped for his task. He has had lengthy ministerial experience, and is an adept at selecting the best material to show results when addressing an audience from the public platform on some leading questions of the day. In his second reading speech on this Bill he got in very early with a distinct appeal to prejudice. In that respect also he has had worthy imitators. I hope I am not offensive when I say that. His very first move was to poison the wells. There is no more effective method at times in public controversy than to poison the wells. I remember some years ago there was a strike of Government workers in one of the country districts of the State. I was asked by

the late Mr. McCallum to visit the locality and to give the men clearly to understand that unless they went back to work he would not consider their case. I felt I was in no way qualified for the task of approaching nearly 100 men who were in a very bad temper.

Hon. J. J. Holmes: I hope you did not poison the wells.

Hon. J. M. DREW: I addressed them at length, and my speech brought forward most encouraging interjections and apparently unanimous applause. But I had reckoned without my host. As soon as I sat down the leader of the strike got up. He did not say much, but what he did say left me hopeless. "Men," he roared, "were you fools last Monday or are you fools today? If you were fools last Monday go back to work; if you were not fools stay as you are." The leader of the strike was cheered to the echo. I failed in my mission as a vote subsequently taken showed. The leader of the strike had poisoned the well.

Hon. G. W. Miles: Are you going to infer that that is going to happen in connection with this Bill?

Hon. J. M. DREW: Within a week reason prevailed, the men went back to work and their case was dealt with. After Mr. Baxter's astute reminder in referring to the fate of previous similar measures in this House, members may feel themselves shackled in the same way as the strikers felt themselves to be, by what they may regard as immovable principles. That is not a stand that I consider a House of Review should take. It is not the course that has been followed by the House of Lords through the centuries. Even in the days when it was strongly entrenched, that House frequently reversed its decisions. It had opposed and rejected measures, which it had considered had not received sufficient consideration from the constituencies, but it had never pleaded that its former antagonism was a ground upon which to defeat any measure. The fact that we have rejected a similar Bill so frequently is no argument, at any rate no solid argument, in favour of pursuing the same course again. As a matter of fact, the second reading of a similar Bill was passed by this House on the occasion of its first presentation, which was in 1926. This House then endorsed the principle of State insurance. The Bill was amended in Committee, but the other place would not accept those amendments. The Bill went to

a conference, and, as members know, at a conference even one opponent can defeat a Bill. In this instance the conference was not unanimous and the Bill was laid aside. Take the position that arose last year. The Bill was defeated by two votes only. Members may suggest that the decision was arrived at in a thin House. That was not so. No less than 28 votes were accounted for either by personal presence or by pairs. In 1926, when the Bill passed its second reading, no one could say whether the State Insurance Office could or could not be carried on successfully. Even then we had speeches that exceeded in their lack of discretion some that I have heard since, but not one that I heard to-day. As a sample, we have been led to believe by Mr. Bolton that the losses may even run into millions.

Hon. G. W. Miles: That is what your own Chief Secretary said.

Hon. J. M. DREW: I do not think so. A wrong interpretation has been placed on the reply given by the Chief Secretary.

Hon. G. W. Miles: You look in "Hansard."

Hon. J. M. DREW: The Legislative Council in 1926 did not go so far. At that time some members stated that the loss would range from £500,000 to £800,000 per year. Only a small percentage of the members took that view. As I said before, the Bill passed the second reading, was sent to the Legislative Assembly, afterwards went to a conference and ultimately was defeated. The Auditor General in his report for the financial year ended the 30th June, 1937, sets out a return regarding workers' compensation and employers' liability insurance, and says—

The return shows that during the period of 11 years the State Insurance Office has carried on industrial disease and general accident insurance business, after allowing for £145,000 transferred to the Revenue Fund, there has been a surplus of earnings over repayments to the extent of £388,014 7s. 2d.

I would repeat to hon. members that the State Insurance Office has provided the £145,000 that was transferred to the Consolidated Revenue account. I would ask members to take note of the fact that the first transfer took place in 1930-31 when a non-Labour Government was in power. That precedent has been religiously followed by every succeeding Government.

Hon. G. W. Miles: But it does not follow that those Governments did right in follow-

ing the precedent established by a non-Labour Government.

Hon. J. M. DREW: That is so; I quite agree with the hon. member. The excuse for that course being followed was that the money taken from the State Insurance Office was the estimated sum due on account of payments in respect of miners' phthisis under the Miners' Phthisis Act. In my opinion, the State Insurance Office was under no obligation whatever to contribute to the fund on account of miners' phthisis. Tubercular cases that are silicotic come under the Workers' Compensation Act. Only purely tubercular cases are under the Miners' Phthisis Act. Why should the State Insurance Office be asked to contribute towards the cost of treatment of cases that are not covered by their insurance policies? Mr. Bolton took a similar view. He implied that the State Government Insurance Office covered miners' phthisis cases and therefore arrived at a conclusion that millions of pounds were at stake, whereas there is no ground whatever for any such contention.

Hon. J. Cornell: None at all, except in purely tubercular cases.

Hon. J. M. DREW: The hon. member agrees with my contention.

Hon. J. Cornell: There is no ground for the suggestion at all.

Hon. J. M. DREW: There has been a lot of misapprehension regarding the Bill, and there is no liability such as some members foresee.

Hon. H. Seddon: Have you read what the Auditor-General says on page 65 of his report with regard to potential liability in respect of industrial insurance?

Hon. J. Cornell: He knows nothing about it.

Hon. J. Nicholson: Or have you looked at the definition of "industrial insurance"?

Hon. J. M. DREW: Some members suggest that something should be done. They do not suggest that it should be in the form of social insurance, but that some fund should be created to meet the position. They do not go into details. They do not offer suggestions to the Government as to how that end should be accomplished, what form the fund should take, or how to provide the money.

Hon. J. Cornell: Mr. Bolton says the mining industry should provide it.



Hon. J. M. DREW: Members suggested that there would be losses in connection with the State Government Insurance Office in days to come. That suggestion was made in past years, but have there been losses? As it is conducted now, with portion of its earnings being contributed towards the fund of the State as a whole, it can be said that much less loss is incurred under existing circumstances with the State Government Insurance Office operating, than would be the experience if the State Office were not in existence. The State Insurance Office has had what I consider, and most people consider too, a remarkable career. It started without any capital whatever.

Hon. L. B. Bolton: No one else would be allowed to do that.

Hon. J. M. DREW: No one would suggest otherwise. During the 11 years of its operations the office has not received one penny in the form of assistance from the Treasury. Mr. Bolton suggested that other forms of expenses should be loaded on to the office.

Hon. L. B. Bolton: Legitimate expenses.

Hon. J. M. DREW: There is provision for compulsory insurance under the Workers' Compensation Act, and that insurance should be provided as cheaply as possible. The State came to the rescue in order to provide that form of insurance, without loading it up with charges that impose a burden on the people. Government officers can do the work in conjunction with their other duties, with the result that instead of an expense ratio of 30 per cent., as mentioned by Mr. Bolton, there is only an expense ratio of 1.9 per cent.

Hon. J. M. Macfarlane: Who pays for the extra expense? The people of the State?

Hon. J. M. DREW: It does not matter what the position may be in other States. This is a logical measure. We make provision for compulsory insurance, and that insurance should be provided as cheaply as possible.

Hon. L. B. Bolton: Mr. Macfarlane asked who paid the other expenses?

The PRESIDENT: Order! I would remind hon. members that Mr. Drew has the floor.

Hon. J. M. DREW: The State Insurance Office has built up extensive reserves. If there should be an unparalleled outbreak of miners' phthisis, and the 6,000 men working in the goldmines were, within a year, to be-

come victims to silicosis, that would be in the nature of a public calamity. It would be something that could not possibly be foreseen, and it would then be for Parliament to provide funds to meet such an unparalleled state of affairs. During recent years the improvement in hygienic methods adopted in the mines argues just the reverse of what some members have contended in this House regarding the possibility of some great outbreak of miners' diseases in the near future.

Hon. G. W. Miles: The worst feature is that the Government has spent the reserves.

The PRESIDENT: Order! When other members are speaking, Mr. Drew does not interrupt, and I would ask that he be extended a similar courtesy.

Hon. J. M. DREW: What the Government did in 1926 could be amply justified when they provided for compulsory insurance under the Workers' Compensation Act. Having done that, the responsibility rested with the Government to furnish the means by which such insurance could be economically effected. Otherwise, what might have been the result? The insurers might have been at the mercy of the insurance companies, and they certainly would have been. The insurance companies would have had a monopoly of the business. The employers would have had to insure their workers. The companies would have fixed the prices and probably extortionate charges would have been imposed. If the employers had refused to provide cover at any price, they could have been prosecuted. I assure members that, from my knowledge of the position, the Government in the first place had no intention whatever of entering the insurance business. If they had had any such intention, they would not have made provision in the Workers' Compensation Act that insurance should be effected through an incorporated company approved by the Minister. The insurance companies have explained why they did not quote. They stated that they did not have sufficient information on which to quote. That may be quite correct. There was very little information available at that time. However, the companies do not say why they refused to discuss the whole question with Mr. Collier in Melbourne when he made a request to them that they should do so. Mr. Collier asked the Fire and Accident Underwriters' Association—the head of the companies—for an interview, but they declined to meet him. Furthermore, they have

not explained why in 1926 on three days' notice they cancelled the general accident insurance policies held by the mining companies. Such policies have nothing whatever to do with miners' diseases. In consequence of that edict the mining companies would have to carry the risk of ordinary accidents. If a miner was killed at work the mining company would have to find the money necessary to compensate his dependants, and if he were incapacitated the mining companies would have to find a sum ranging up to £750, simply because the insurance companies had cancelled their policies with the mining companies. There has been no reply to that. It was in that atmosphere and that atmosphere alone that the State Insurance Office was opened. That is undeniable.

Hon. J. Cornell: They were forced to open it.

Hon. J. M. DREW: Yes, forced by public opinion. It seems a singular thing that the opponents of the Collier Government did not make the opening of the State Insurance Office a party question, nor have they ever attempted to do so. The reason is that it would not have paid them to take such a line of action. The subject has been studiously avoided on the public platform ever since, and as has already been stated, the opposition has had the ground knocked from under its feet by the action of the National Country Party Coalition Government in carrying on the business of the State Insurance Office as if to the manner born.

Hon. C. B. Williams: And trying to legalise it themselves.

Hon. J. M. DREW: Mr. Baxter says that the fact that the National-Country Party Coalition Government did exactly what the Labour Government had done was no argument in favour either of the establishment or of the continuance of the State Insurance Office. In that Mr. Baxter is quite correct. But it is an argument in support of the contention that they feared the consequences, political and industrial, of ending a system under which the mining companies could secure the protection of cover available to every other section of industry in the country. The hon. member branded this measure as another trading concerns Bill. If so, the history of trading concerns in Western Australia goes back to the very early days of responsible Govern-

ment. A trading concern was launched by Sir John Forrest in the "nineties," when he installed State batteries despite the fact that money had been put into such enterprises by private individuals. In doing so, he rendered a great public service to Western Australia, enabling the most remote goldfields to be provided with ore-crushing facilities at reasonable charges. Moreover, both State and Federal insurance were recognised by the framers of the Commonwealth Constitution. Under Section 51 of the Constitution, dealing with the powers of Parliament, we find the following:—

The Parliament shall, subject to the Constitution, have power to make laws for the peace, order and good government of the Commonwealth with respect to insurance, other than State insurance, and also State insurance: extending beyond the limits of the State concerned.

Both Federal and State insurance were foreseen and provided for by men like Griffith, Barton, Forrest and other outstanding statesmen who were responsible for the moulding of the constitution of the Commonwealth. I have no personal grievance against the insurance companies; I have never had a quarrel with them nor have they ever treated me other than fairly and reasonably. In the course of my life I have paid them a lot of money, but fortunately I got nothing in return except relief from anxiety of mind. My sole aim is to see that employers and workers alike are protected under a law that compels insurance and which, therefore, connotes provision of such protection at the lowest possible cost, not at a cost to be imposed upon them at the suggestion of both Mr. Baxter and Mr. Eolton. I will support the Bill.

**HON. J. J. HOLMES** (North) [5.52]: I have listened with great interest to Mr. Drew's remarks. As to the alleged request by the then Premier (Hon. P. Collier) for an interview with insurance companies in Melbourne, and the alleged refusal, that statement was made by Mr. Drew a considerable time ago. I took it on myself to try to find out if such a request was ever made and if ever the companies refused to grant the requested interview. Whilst I have not analysed all the evidence taken before the select committee I should have thought that an important matter like that would have been brought out by the sponsors of the Bill. I have yet to learn that the alleged

request and its refusal was referred to, either in the debate in another place or in the evidence adduced before the select committee to which Mr. Drew referred. What Sir John Forrest and others did in connection with State batteries has no bearing whatever on the subject. Nobody knows that better than does Mr. Drew, because at that time there was no State Trading Concerns Act and so the Treasurers of this State were entitled to do practically what they liked. Actually they did so and got this country into difficulties; hence the necessity for the State Trading Concerns Act, which was intended to hold them up. Another matter referred to by Mr. Drew was the starting of the State Insurance Office without capital. How can it be said that the Office was without capital when it had all the capital in the Treasury behind it? And we know what the Treasury can do, for it is not very clear what has become of the £250,000 which really ought to be available for the payment of claims. But to say that the State Insurance Office started without capital has no bearing whatever on the subject. What it has a bearing on is the continued liability, with which I propose to deal later. The principle involved here is this, that the Government in 1925-26, in defiance of the State Trading Concerns Act and in defiance of Parliament, started out to establish a new institution despite the law of the country to which the Government was pledged. The hon. member can say what he likes, but the fact remains that the establishment of the State Insurance Office was an illegal act carried out by a Government pledged to obey the law. In 1927 this same Bill was attacked as being illegal and some of us wanted to go so far as to hold up the Appropriation Bill until members of the Government came to their senses and agreed to carry out the law instead of ignoring it and then coming to Parliament to have the actions validated. Those were strenuous times in 1922, when the National Government was in power and deficits were being built up day by day and week by week. We held up the Appropriation Bill until the 11th January, 1922, and when on that date Sir Hal Colebatch moved that the Bill be taken into Committee I moved an amendment that the Bill be taken into Committee on the 26th February, 1922, giving the National Government six weeks in which to tell the country what it was proposed to do about the ever-increasing de-

ficit. The motion was taken on the 26th January, which meant bringing back members from all parts of the country, and naturally they were seriously concerned. When we divided the House the voting was 12 to 12, and I was defeated on the casting vote of the President, Sir Walter Kingsmill. Here is an extract from "Hansard" of the 30th November, 1927—

Hon. J. J. HOLMES: I want the House clearly to understand my views. If we throw out this Bill, we must hold up the Appropriation Bill until we get a definite promise from the Government that they will vacate the field of insurance.

Hon. E. H. Gray: Is that a threat?

Hon. J. J. HOLMES: There is no threat about it: it is the only logical conclusion to defeating the Bill, and it is the position I am prepared to face. On one occasion I did try to face it, when a Nationalist Government were in power, but the Appropriation Bill on that occasion was passed on the casting vote of the President.

Let me say in passing that of the 12 members that voted against me on that occasion nine have since died, two are no longer in Parliament and the only one still here is Mr. Hammersley. Amongst those who voted for me were Mr. Cornell, Mr. Moore, Mr. Panton—now Speaker of another place—Mr. Cunningham, now a Senator—and Mr. Miles. The report continues—

If Parliament says that State insurance shall not be carried on and the Government, in defiance of Parliament, engage in the business, the only logical thing for us to do is to hold up the Appropriation Bill until the Government agree to vacate the field of insurance, and I am prepared to do it. State insurance is State trading, and we have fixed by Act of Parliament the conditions governing State trading concerns. We have laid down what is a State trading concern and we have fixed the amount of capital for them, and Parliament has declared that there shall be no increase either of State trading concerns or of capital without the consent of Parliament.

There were men in the House who were prepared to make a stand not only on State insurance but other matters, and not only when it affected a Labour Government but when it affected a National Government. The State Trading Concerns Act provides what is to be a State trading concern. We have fixed the conditions under which State trading concerns shall be carried on. We have also fixed the capital, and Parliament has declared that there shall be no increase in State trading concerns nor in the capital thereof without the consent of Parliament.

The Auditor General in 1926 reported as follows:—

The State Trading Concerns Act provides that when the revenue receipts are insufficient to meet the working expenses during the financial year the deficiency shall be provided by parliamentary appropriation, but that is not done, it is paid out of the Treasurer's Advance Account.

In other words, when the revenue of the State trading concerns is not sufficient to meet the expenditure, Parliament should be consulted and asked to vote the money, but that is not done. The Auditor General, in his report for the year ended the 30th June, 1927, points out that £558,000 of trust money has been advanced to a trading concern. This has been done without the consent of Parliament. The question arises whether Parliament is satisfied to give decisions and for the Government to defy them. If the Government intends to defy the decisions of Parliament, surely there is only one course open to us, and that is to hold up the Appropriation Bill. That was a statement made by me 10 years ago. It would appear that the State trading concerns started in about 1926, under a minute of the Government issued in Executive Council. Presumably the minute was put up to the Governor, who signed it, and that is considered by the Government sufficient authority to meet all requirements. The Auditor General says it is not so. He says the legislators should have passed a Bill authorising the expenditure. These are unpleasant facts, but I thought it my duty to relate the history of those concerns to show what important principles are at stake even to-day. There is no denying the fact that if we allow the Government to get away with this, and if we condone the offence after 10 years, although we may put a limit on the life of the State Insurance Office as suggested, what is to prevent the Government from getting away with that? What is to prevent the Government, if we condone this offence, from putting the State Trading Concerns Act in the melting pot and defying Parliament, starting out on the old mad career of borrow and spend, establishing more State trading concerns and building up losses, and then imposing taxation upon the people to meet the deficit? That is the position I am facing, condoning an offence without any limit as to the responsibilities of the Government not to confine other offences of a similar nature. The minute of the

Executive Council, which started State trading concerns, appears to be as follows:—

Authorise the Government Actuary to undertake on behalf of the State Government insurance of all employees against liability under the Workers' Compensation Act, 1912-24, Employers' Liability Act, 1894, and the Common Law, at such premiums and on such conditions as with the approval of the Minister for Labour the Government may determine and to issue cover notes and policies. Authorise the Government to employ clerks of local courts and of petty sessions and Mr. A. E. Jensen, of Kalgoorlie, as local agent: indemnify the Government Actuary against personal liability to the insured in respect of cover notes and policies.

No wonder the Government started on the insurance business without capital. Every clerk of court, every officer from one end of the country to the other, was to give free services to the State office, without any credit being given to any other branch of the service. At this stage Mr. Stewart interjected, "There is no authority in that." My answer was—

Parliament is the authority to set up State insurance, and not the Executive Council or some other body. Parliament decides what has to be and what has not to be a trading concern. Parliament should control the funds to be invested for these enterprises, but the decisions of Parliament have been set at defiance, and the only solution of the difficulty that I can find is to hold up the Appropriation Bill until we can get a promise from the Government that the will of Parliament shall be obeyed.

In other words, a guarantee is given by the Government to get out of the field of insurance. Then I added—

It is the duty of the Government to confine itself to Government business, and not dabble in State trading concerns of this description. After considering everything from all points of view, I am forced to the conclusion that I must vote against the second reading of the Bill.

This goes back 10 years, but I see no reason to alter my views. The State Trading Concerns Act sets out how the money is provided, and how Parliament has a say in voting any additional capital. Had we acted at that stage the position would not be as it is to-day.

Hon. T. Moore: If you were there as a Minister what would you do?

Hon. J. J. HOLMES: I would approach the 50-odd companies who are falling over one another to write this business. I know of my own knowledge there is competition

enough, and the people of the State would know what their liability was likely to be. The companies would have to foot the bill, and not the State, as would be the case under this measure. Let Mr. Drew say what he will. Neither he nor anyone else knows the liability attached to the insurance which the Government has undertaken. The Minister said that in one branch of the insurance there was a liability of £1,000,000. Apparently there is a sum of £400,000 available somewhere, some of it bearing interest, and there is £250,000, without interest. What the liability is I do not know. The State Insurance Office does not seem to know and, with all due respect to it, I do not think it cares. The officers there are the people responsible. It is their duty to define what is the liability. If we take 300 men at £600, and 300 at £750, for total disablement, and give the doctors their quota, we shall find nearly half a million pounds absorbed, to say nothing of anything else that may arise. I think Mr. Williams said last year there were 14,000 miners.

Hon. H. Seddon: Fifteen thousand.

Hon. J. J. HOLMES: I think he said a great many of these would sooner or later come under one or other of the compensation Acts. Mr. Drew's figures are supposititious. If out of the 14,000 or 15,000 men we single out 600 and compensate them, the whole of the reserve fund will have gone. There is a contingent liability that the taxpayer should not be asked to meet. The insurance companies, who know their business and can calculate their liability, should be doing this business and not the Government. I have argued in this House for many years that miners' diseases should be a charge upon the mining industry. No other industry is making such profits, and no other industry could bear the charge. The mines take strong healthy men down into the bowels of the earth and send back a good many of them physical wrecks. The men should be a charge upon the mines and not upon the general community. This business, which has been carried on illegally for many years, has been relieving mining companies of the responsibility that is theirs, and putting it upon the next generation irrespective of what the liability may be. I do not know that Parliament would not be justified in claiming that the mining companies should provide a super-

annuation fund for those men. When the companies take men into their employment, healthy and strong, and turn them out as derelicts, they should bear the responsibility of having created the position that brings this about. I know we may meet with the excuse that because some members fell down on their job many years ago, it was their funeral, and is not the funeral of present members. Many of those members who fell down on the job have also fallen by the way, and a number of others have come in to take their places. If we can judge from the speeches made by some of them, they have come here emphatically opposed to State trading concerns, but even Mr. Craig said, 'Hear, hear' this afternoon when Mr. Drew was speaking.

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

Hon. J. J. HOLMES: Before tea I was about to refer to an interjection made by Mr. Craig while Mr. Drew was speaking. The interjection led me to believe that Mr. Craig was supporting the views of Mr. Drew.

Hon. L. Craig: I did last time.

Hon. J. J. HOLMES: I understand Mr. Craig's view to be that because his predecessors in this Chamber did not keep the Government up to the mark, it is not his responsibility to do what they should have done. As a matter of fact, I presume, in view of his utterances, that he is here because some of his predecessors failed to live up to their contract in this and other matters. In any case, according to Mr. Craig's own utterances, he was sent here to rectify the failures of his predecessors. The hon. member may smile, but I have a memory that never fails me, and I think it can be shown that Mr. Craig has said publicly—in this House, I think—that no member of this Chamber is more strongly opposed to State trading than he is. I think the hon. member said he was elected to oppose any extension of State trading. I believe my memory stands to me still further that at some official dinner a year or so ago, upon the opening of new premises by the A.M.P. Society in Bunbury or Northam—

Hon. L. Craig: Bunbury.

Hon. J. J. HOLMES: —Mr. Craig spread himself and made a good speech in opposition to State trading concerns.

Hon. L. Craig: A speech favourable to the State Government Insurance Office Bill.

Hon. J. J. HOLMES: That shows us. I do not know of a better definition of a rail-sitter than the definition which Mr. Craig inferentially claims.

Hon. L. Craig: Read the speech. Your memory is not quite as good as it used to be.

Hon. J. J. HOLMES: Turning my memory back to the war, I recollect being told that a junior Australian officer was asked to put up the white flag, the numbers being against him and his men. His answer was, "I came to fight, not to surrender."

Hon. L. Craig: You are looking at me again.

Hon. J. J. HOLMES: Mr. Craig came to fight. No member of this Chamber is more opposed to State trading than he is. Mr. Craig came to fight, but I presume he is now going to surrender. I will leave the hon. member at that. Reverting now to the Appropriation Bill, when the House did try to take a stand, I venture to suggest that had this Chamber lived up to its traditions then, a halt would have been called, and the ever-increasing, ever-accumulating deficit would have been stopped, and when the depression came, as it did come, we would have been in a much better condition to face it than we were at the time it came. At least two-thirds of this House, 20 members out of 30, so far as I can judge have come here pledged to oppose State trading concerns.

Hon. G. Fraser: To whom did they make that pledge?

Hon. L. Craig: Who said so?

Hon. J. J. HOLMES: I have counted those hon. members, and know them. I will admit that some of them are on one side of the trench to-day and on the other side to-morrow. However, two-thirds of the members of this House have come here pledged to oppose any extension of State trading. I want to know, are they at this critical stage of the State's history going to put up the white flag, or are they going to say, "We came here to fight, not to surrender"?

Hon. G. Fraser: It all depends on the kind of State trading.

Hon. L. B. Bolton: All State trading is bad, some of it worse than the rest.

Hon. J. J. HOLMES: Surely we are on the right ground of constitutional government when we try to insist that the Government of this country shall set an example by obeying the laws of the country. Unless the

Government does, how can it expect the rank and file to obey the laws? I get back to the game of bluff that has been played ever since the Government started this State trading concern without Parliamentary authority. Its bluff has been that it was compelled to do so. However, the position has been made quite clear in evidence to the effect that the Government was definitely determined to start State insurance. The Government refused to supply the information which the insurance companies required in order that they might quote for the risks.

Hon. J. M. Macfarlane: On the ground of secrecy.

Hon. J. J. HOLMES: The information that the companies desired was the number of men affected by disease in the mines. The Minister's plea was that he was at that stage pledged to secrecy. That statement has turned out to be all moonshine. I can quite understand secrecy as to an individual, not to disclose a man's name; but where hundreds of miners more or less affected were concerned, there could be no question of secrecy. There was nothing to disclose except that a certain number of miners were affected. We have been told that the insurance companies refused to do this business. As a matter of fact it now appears from the evidence, so far as I can judge, that that was not the position at all. Here is a quotation from a statement made by Mr. Watts, a member of the Select Committee of another place—

The companies were, and I believe to this day are, quite unable to understand the Minister's pretension not to disclose the number of men afflicted.

Further on Mr. Watts says—

There was no evidence before the select committee in support of the contention that Ministers were under a bond of secrecy in regard to the number of men.

On the 4th June, 1926, the Minister in question stated that the Government had been forced to a decision by the action of the companies concerned. Mr. Watts states—

There is little or no evidence to support that contention.

So here, after ten years, having been told that the Government were forced into the position, the true facts are disclosed as a result of the inquiry by the select committee. I do not wish to say too much about the select committee, but a peculiar position arose in connection with it. I think Mr. Ross

McDonald, in his speech on the Bill, suggested a select committee. As a general rule, when a member suggests a select committee and the Bill goes to a select committee, the member who initiated the proposal is chairman of the select committee; and in another place the House nominates two men from each party.

Hon. G. Fraser: The man who suggests, or the man who moves?

Hon. J. J. HOLMES: The point is this: whilst my memory serves me pretty well, I do not know of an instance in this State where a Minister jumped another person's place to the chairmanship of a select committee and took his own Bill to that committee—his own Bill—with two of his own supporters, when he and they could, if they wished, carry anything they desired. I do not know that a Minister in this Chamber ever took a Bill to a select committee and became chairman of that select committee on his own Bill. I mention these things simply to indicate how hard-pressed the sponsors of the Bill must have been to prove their case. They actually got to the stage that a Minister of the Crown became chairman of a select committee to consider his own Bill. If this House approves of the Bill, this position will arise, that hereafter any Government can start any trading concern and get away with it, can set the law in regard to State trading concerns at defiance, and then ask Parliament to condone the offence. If the Bill is passed, what limitation is there? I fail to see that we can limit responsibilities as proposed by this Bill or any other Bill, if we once let a Government get away with that sort of thing. A further point is this: where will the danger end? There is grave danger attached to the Bill. If the companies provide insurance for the miners, the companies have a reserve fund to draw upon in case of emergency. But where is the Government's reserve fund in case of emergency? If the Government could tell us, or if anybody else could tell us, what the contingent liability is, we might have something to work on. But after ten years' experience the Government Statistician and other public servants admit frankly, before the select committee, that they do not know where they are. If the Bill is passed, it will have the effect of providing temporarily money for a hungry Treasurer to dispose of as he may think fit. There is already evi-

dence of that. I may tell Mr. Craig what happened in his Province. When the Cave House was burnt down, the insurance money, instead of being used to re-erect the building, was put into general revenue.

Hon. L. Craig: But it was paid back.

Hon. J. J. HOLMES: Perhaps that is the hon. member's reason for voting in favour of this Bill. Let us assume that at some time or other a disaster occurs. I am assuming that the Government is going to embark not only on this insurance but on all other insurance except life insurance—and if this concession is granted I cannot see what is to prevent life insurance being undertaken. Suppose instructions are issued for the Office to undertake all insurances. Then, when the State Office finds itself in a hole Parliament will be asked to condone the offence. Suppose marine insurance is undertaken, and some big shipping disaster occurs, or suppose we get another depression. Anybody who studies Western Australian finance must know that we are heading for the rocks, but what will happen when we get there nobody seems to know and very few seem to care. But when we have reached that stage, what is going to happen to the Treasurer? Where is he going to get the money to meet the interests of those insured in his company? There is the field of extra taxation, but judging from the remarks of hon. members the Government has exhausted every field of taxation and to a greater extent than it should have done. A glance at the Auditor General's report will disclose that already a sum of £2,000,000 has been lost on State trading concerns. What the loss would be if we had a stock-taking or wrote down depreciation, is another matter. It would be considerably more than £2,000,000. But let us take £2,000,000, as the figure. At the rate of 4 per cent. interest that represents a charge on the revenue of £80,000 a year. Then under the Financial Agreement with the Commonwealth we are supposed to pay sooner or later 4 per cent. sinking fund per annum on deficit money. That means another £80,000. So there is a charge of £160,000, on general revenue to liquidate the liabilities incurred by the State trading concerns. The amount of interest would diminish when we began to pay the 4 per cent. sinking fund, but we have not paid that. When the Government reaches the stage of having to meet all its obli-

gations I am concerned as to what will happen to the men who would be insured in the Government Insurance concern. After all, who is to pay this money? Of a certainty it is the people who send representatives to this Chamber who have to find the bulk of the money. There is no basic wage reduction or remission of taxation so far as the electors of this House and the bulk of the electors of representatives to this House are concerned. Everything comes back on the people we represent, the people that are hit north, south, east and west under the financial legislation that is before us at the present time. If we represent the people who have to pay we should have more say than we have had in the past in calling the tune. With two-thirds of the House behind us it is up to us to take a definite stand. We hear repeatedly from the Chief Secretary and from Ministers in another place when the question of preference to unionists crops up, or the question of the basic wage, that such-and-such is the policy of the Government. They went to the country at the last general elections with a great number of followers and came back with a majority of one. I venture to suggest that it was the preference-to-unionists policy to which the Government was wedded that nearly brought about its downfall and reduced its huge majority to a majority of one. Yet Ministers with a majority of only one stand up and talk about the "policy of our Government." Surely it is up to us with two-thirds of the members of this House behind us to stand up and say what we think should be done. The insurance of miners should be a charge on the profitable mines and not upon the general community, as is likely to be the case if the Bill is passed. I understand that in all parts of the British Empire legislation dealing with all miners' diseases is separate from all other insurance. That applies to all parts of the British Empire including South Africa and New Zealand. The longer this illegal business is carried on the greater will be the liability. It is the people we represent who will have to foot the bill. I have tried to deal with the principle involved in the Bill. When the Government talks about what the State Office has done in comparison with other companies, no reference is made to the fact that the other companies have to pay State and Federal income tax and land tax, that they have to pay emergency tax, hospital tax, dividend duty and all other charges.

The State Office dodges most of those responsibilities and then the Government has the audacity to say, "Look what we have done in comparison with what the other companies have done." Take the State trading concerns which have lost £2,000,000 of money. I understand they buy all their timber for public works from the State Mills. They buy bricks from the State Brickworks, and so on.

The Chief Secretary: I wish they did.

Hon. J. J. HOLMES: Presumably in order to try to make this concern pay, prices were put up to such an extent that even the Public Works Department can now get its requirements at more reasonable rates from privately owned concerns.

Hon. W. J. Mann: Is there any truth in the contention that there is a ring?

Hon. J. J. HOLMES: Did we not have a reference in "Hansard" years ago in regard to this matter? A gentleman wanted timber from the State Sawmills. He wrote to one of the managers and received a letter in reply stating, "You have already received a quotation from our association." The employees in the State concern worked 44 hours, and those in the other concerns 48 hours, but the State concern had to tell the private companies that as their men were working 44 hours to the 48 hours of the private employees they could not compete with them. "For Heaven's sake," they said, "put up the price and we will do the same." We know all about it. We know how we lost the South African timber trade. Millars put in a quote of 6s. 11d. and the Government 7s., and Millars got the contract.

The PRESIDENT: I must ask the hon. member to confine his remarks to State insurance or connect up his remarks.

Hon. J. J. HOLMES: Surely we are discussing State trading concerns.

The PRESIDENT: The hon. member is going into State trading concerns to a very extensive degree.

Hon. J. J. HOLMES: We are discussing a State trading concern.

The PRESIDENT: This is a State Insurance Office Bill.

Hon. J. J. HOLMES: I am discussing the ill effect upon this country of State trading concerns. Having got as far as is necessary to convince the House that I am on the right track, I will bow to your ruling with pleasure.



The Chief Secretary: It is a very good thing that hon. members know you so well.

Hon. J. J. HOLMES: They always know where I am.

The Chief Secretary: Undoubtedly they do.

Hon. J. J. HOLMES: They always know which side of the fence I am on; I am not like Mr. Craig who is on one side to-day and on the other side the next day.

The PRESIDENT: Order! The hon. member should not be personal.

Hon. J. J. HOLMES: Surely I am on the right track in discussing this aspect of the Bill. This is another attempt to nationalise industry. I think I am on the right track there. If ever an alarming statement was made in regard to the nationalisation of industry, the Chief Secretary made it a few weeks ago regarding the nationalisation of the agricultural industry by the National and Labour Governments. If ever there was an appalling condition of affairs revealed as to the nationalisation of industry it is to be found in the remarks of the Chief Secretary. I believe if the Trades Hall members read that speech they would say it was time that the nationalisation of industry was dropped. Nationalisation of industry means that all legislation is aimed at increasing unionist employees and displacing non-unionist employers. Of that we have evidence in all directions. I am not permitted to refer to it at the moment, but the most alarming instance is to be found in the Factories and Shops Act Amendment Bill. That sort of thing is being met with at every turn. Suppose the Government closed down one half of the insurance offices, there would be at least 1,000 men who would become either sustenance workers or Government employees.

Hon. W. J. Mann: They would have to join the unions then.

Hon. J. J. HOLMES: A thousand men added to the union ranks at 25s. per head for union fees would represent £1,250 per annum for the Labour Party. That is nationalisation.

Hon. W. J. Mann: You have reduced it to a fine art.

Hon. J. J. HOLMES: I can see what is coming. As to the financial position in this country—and this Mr. Drew will admit—the rocks are ahead. We know what a needy Treasurer will do when hard up for

money and when friends and foes are sitting on the doorstep hungering for money. With this clearly before my vision, I prefer to have the miners covered by private insurance companies who would know what the liability is and who would make provision for it. I am not prepared to trust the miners to any Government, National or Labour, to blunder on from month to month without any consideration as to the liability that might arise at any time. For this and other reasons I have given, I propose to vote against the second reading of the Bill.

HON. L. CRAIG (South-West) [8.2]: I have no wish to prolong the discussion on the Bill, but it is well that we know the title of the measure because, listening to the speech of Mr. Holmes, one would not quite know which Bill we were discussing. Mr. Holmes has made a long speech on many subjects.

Hon. J. J. Holmes: All on State trading.

Hon. L. CRAIG: And not one argument has he put up against the excellent speeches made by Mr. Drew, not only this year but last year. At that time when I voted in favour of the Bill, I asked Mr. Holmes carefully to read Mr. Drew's speech and see if he could effectively reply to it, and he said he would do so. He has not done so yet. To-night he put up no logical argument at all. Had he offered some reasons to refute Mr. Drew's speech I would have been prepared, as I am at all times, to vote according to my lights. The hon. member spoke of State trading, State timber and State bricks.

Hon. G. B. Wood: And he spoke about Mr. Craig.

Hon. L. CRAIG: Yes. I quite appreciate that the hon member, by his age, has every right to lecture those who lack age and experience. Some of us are youthful in age and experience.

Hon. J. J. Holmes: You will learn.

Hon. W. J. Mann: Do not flatter yourself too much.

Hon. L. CRAIG: The hon. member should be careful to be logical. I understand he used to be a great force in this House, but he has ceased to be a force because his arguments have ceased to carry the weight they used to carry and, from being a force, he may become a joke. The hon. member complained of the Government carrying on State

trading. What happened when there was a change of Government? Was any alteration made in that policy?

Hon. H. S. W. Parker: The depression came at that time.

Hon. J. J. Holmes: Some of us were sent here to oppose State trading.

Hon. L. CRAIG: I do not know who has authority to say that. If I understand the constitution of the party, we are endorsed, but we are pledged to nothing. We are pledged to support the people who sent us here and we have every right to vote as we think we should. That is the attitude I adopt, in spite of the opinion of Mr. Holmes. The hon. member accused me of jumping from one side of the fence to the other. If necessary I hope I shall continue to jump, so long as I jump logically, from one side to the other. It is much better to be occasionally on each side of the fence than to stick rigidly to one side and say that if the legislation introduced is not on my side, I shall oppose it. I do not wish to speak on the Bill at length. The arguments submitted by Mr. Drew last year convinced me, and I am still of opinion that we should support the second reading. I ask those members who are sent to this House, not pledged to oppose any legislation but to use their common sense, to ask themselves whether State insurance has come to stay or not. Mr. Holmes was kind enough to refer to a speech I made in Bunbury, one of the few decent speeches I have made in my life. On that occasion I did not say much about State insurance, except to remark that whether the Bill at that time was passed or not, I believed that State insurance would be carried on. I am still of that opinion. I further stated at that conference, held more than two years ago, that I was convinced national insurance had to come. I am sure it has to come. I shall support the second reading of the Bill, though I consider the powers of the Government should be limited. I do not think the Government should undertake life or marine insurance, but when insurance is made compulsory, as I think it should be, for workers' compensation, employers' liability and miners' diseases, and when there is a possibility of third-party insurance being made compulsory, the State Office should be given power to undertake those forms of insurance. I shall not agree to the powers sought under the Bill, but, so far as lies in my power, I shall allow

the State Insurance Office to carry on legally for the class of insurance it has been doing in the past.

Hon. V. Hamersley: That includes marine.

On motion by Hon. G. B. Wood, debate adjourned.

## BILL—FACTORIES AND SHOPS.

### *In Committee.*

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

Clause 1—agreed to.

Clause 2—Amendment of Section 4:

Hon. J. NICHOLSON: I understand it is the intention of the Chief Secretary to deal with the report of the select committee.

The CHAIRMAN: We are dealing with it now.

Hon. J. NICHOLSON: I mean, to deal with the report as a whole. The select committee did not have an opportunity to prepare the suggested amendments for submission to the Committee. To prepare them would take some little time. Clause 2 of the Bill is vital. When extensive alterations are being made to a Bill, the original draftsman is in the best position to make the amendments. Will the Chief Secretary allow the matter to stand over so that the proposals of the select committee might be considered by that officer? I will get into touch with him and seek to expedite the matter and bring forward the amendments. They can then be put on the Notice Paper as early as possible.

The CHAIRMAN: As far as I am aware, this is the usual procedure that is followed in cases similar to the present. When the Minister submits a Bill to the House, the Bill is debated, and the principles involved in that Bill are discussed on the second reading. Those principles are affirmed by passing the second reading. Then to alter, not so much the principles of the Bill, but some of the subject matter of the clauses, the Bill is submitted to a select committee and the select committee calls evidence and frames a report. The evidence is reviewed and the committee makes recommendations. That has nothing to do with the Minister at all. In this case the select committee has made its recommendations and now Mr. Nicholson, as chairman of that select committee, wants the Minister or a departmental officer

to draft the amendments that the select committee itself was bound to submit to the House. So far as my recollection goes, recommendations of all select committees have been taken seriatim in Committee on the Bill, and the discussion has ranged around the particular clauses affected by a particular recommendation only. I have gone through the select committee's report and it seems to me that that committee has made a pretty good job of some of the recommendations. The report of the select committee has been before members for some days, and members have been able to see what is intended by the recommendations. The position then is that if the recommendations are embodied in the Bill the Minister will see to it, as he has always done, that the phraseology is of the type that should be in an Act of Parliament. Probably the Crown Law officers will decide that.

Hon. J. NICHOLSON: I have not asked the Chief Secretary to draft the amendments, nor do I expect him to do so, but I have asked him to give me the opportunity to get into touch with the officers of the Crown Law Department, who prepared the Bill, so that the amendments may be drafted in such a form that they will be consistent with the Bill.

The CHAIRMAN: The first amendment suggested by the select committee will not require any drafting at all. It merely sets out that the paragraph dealing with the definition of "factory" be struck out. Where there is an element of doubt the Minister, I expect, will meet the position by agreeing to postpone the further consideration of the clause.

The CHIEF SECRETARY: The hon. member suggested that there was some understanding that I would do something in connection with the Bill. I have no recollection of any understanding at all. The Bill was placed in the hands of a select committee which sat quite a long time. The committee asked for extensions of time on more than one occasion, and now the chairman of the select committee comes here and asks for further delay so that he might get into touch with some legal authority to put into proper form the suggested recommendations of the committee. The Bill is a Government measure, and if I understand the report and recommendations of the select committee, it is no longer a Government measure. It certainly has a few clauses re-

maining as they were introduced in the first place affecting, perhaps, the administration of the department, but that is all.

The CHAIRMAN: Really there should not be any discussion on the report at this stage.

The CHIEF SECRETARY: The discussion should have taken place when the chairman of the select committee moved that the report be printed. I propose to follow the same course that I invariably adopt whether a Bill has or has not been referred to a select committee. The time has arrived when we should make some progress with this legislation. The Bill was introduced early in the session and we are now getting on well towards the end of the session. There is no reason, as was pointed out by you, Mr. Chairman, why we should not make progress with some of the clauses, and leave others, that might be of a controversial nature with regard to the phraseology, or in respect to the proposed amendments, to be determined after we have gone through the Bill. I am quite prepared to do what I have always done with regard to particular clauses that might not be worded as they should be from the drafting point of view. But is it right to assume, because the select committee has recommended certain amendments, that members generally will agree to them?

Members: No.

The CHIEF SECRETARY: I am convinced that there are some recommendations that all members will not agree to.

Clause 2—Amendment of Section 4 of the principal Act:

Hon. J. NICHOLSON: I move an amendment—

That in the definition of "factory," paragraph (i) be struck out.

The CHIEF SECRETARY: I rather thought that the chairman of the select committee, in dealing with an important paragraph such as this, would have given some reason for its proposed deletion. The amending Bill originally provided that a particular place should be a factory, irrespective of the number of employees engaged in it. We know that the existing Act provides that if there is machinery of one horse power in any particular place that that shall be a factory, but if that motive power is removed from those premises it is not a factory, although the same class of work may be carried on there. Are we go-

ing to determine a factory by virtue of the fact that there is machinery in it, as I have just described? Is it not just as much a factory if work is being carried on by employees without the aid of machinery? Is it not desired that such a place should be registered as a factory? I shall oppose the recommendation of the select committee.

Hon. J. J. HOLMES: The whole question resolves itself into this: How many persons shall constitute a factory? At the present time, four are necessary, but under the Bill it is proposed that any person shall constitute a factory. In Western Australia we are endeavouring to establish factories in the face of keen competition from the Eastern States. We are endeavouring to permit men to start in a small way and build up their concerns. The evidence is that in Victoria, whence most of the competition arises, four persons constitute a factory, and in South Australia one person, provided that he is not a member of a family. In Queensland, two persons constitute a factory, and we want to go one better than Queensland, and constitute a single person as a factory. The evidence before the select committee regarding the one-man factory was very interesting. We were supplied with a list of the factories that did not come within the purview of the Factories and Shops Act. Without notifying anyone, we paid surprise visits during one whole day, looking for this menace to the big factories, to the single men in single shops working for themselves. We found that those small men had to pay almost prohibitive rates for their materials, but if they occasionally had to employ an assistant, they paid Arbitration Court award rates and observed award conditions. This fallacy of the one-man factory and the menace to the big employers was exploded in one day. The select committee with, perhaps, one exception, were of opinion that we had better leave the Act as it stands, and four persons should constitute a factory. We should allow those men who are trying to establish themselves in developing secondary industries to be free to operate as other people, some of them in this House, did in order to build up their big businesses. It was through comparing those factories with the number required to constitute a factory in other States, coupled with the fact that last year we imported £11,000,000 worth of goods from the Eastern States, the bulk of which might have been manufactured here, that the select committee

made the recommendation that the position should remain as it is to-day.

Hon. L. B. BOLTON: With all due respect to the members of the select committee, I think they have got the wrong angle entirely regarding the backyard factories.

Hon. G. Fraser: Did you expect anything else, in view of the constitution of that committee?

Hon. L. B. BOLTON: Probably I was the first to raise this question when another Bill was before the House, and also on the present Bill. I can claim to have had some experience of the position, and I may be pardoned for saying that I have had more experience than probably all the members of the select committee.

Hon. L. Craig: No.

Hon. L. B. BOLTON: Yes.

Hon. L. Craig: Even more than Mr. Holmes?

Hon. L. B. BOLTON: Probably had I not taken up such a definite attitude, I would have been a member of the select committee. I want to make my position perfectly clear. I have never taken up an attitude against the individual. It seems to me that the select committee, in the course of the investigations, went looking for backyard factories conducted by one individual. I do not want to interfere with the individual. I will allow him to work as long and as often as he likes, and to operate what machinery he likes, but the moment he employs labour he should be brought within the purview of the Act. That is my contention. If the clause were to be made perfect, in my opinion it should read, "any persons," not "any person or persons." I would even go so far as to say that there could be two persons.

The CHAIRMAN: Does the hon. member intend to move an amendment?

Hon. L. B. BOLTON: I am afraid it would be hopeless.

Hon. L. Craig: No, go on and move it.

Hon. E. M. HEENAN: As a member of the select committee, I dissented from this particular recommendation, as well as from others. This particular amendment deals with a material phase of the Bill, and as the various clauses are considered, it will be found that the definition of "factory" crops up from time to time. Therefore the decision of the Committee on this particular amendment is of vital importance. For the information of members who have not been able to read the evidence, which

was very voluminous, I propose to read some extracts.

The CHAIRMAN: Will Mr. Heenan resume his seat? I understand a copy of the evidence has been laid on the Table of the House, not by direction but as a matter of courtesy to members, and that there is only one copy available. I presume the select committee in its report reviewed the evidence and dealt with the main points. The House resolved to print the report, but did not resolve to print the evidence. If we have one member quoting from such voluminous evidence, it must be remembered that 27 other members may desire to do the same thing. Unless the House authorises the printing of the evidence so that every member may read it and be given an opportunity to quote from it if he so desires, I shall not, unless the Committee directs otherwise, allow any member to quote extracts from the evidence, and particularly no member of the select committee, who should be in a position to refer to the points dealt with without having to quote from the evidence.

Hon. E. M. HEENAN: With all due respect to you, Mr. Chairman, I think it would be wrong for the Committee to continue consideration of the Bill unless members have an opportunity to refer to the evidence.

The CHAIRMAN: Why was there no direction for the evidence to be printed, so that members could read it?

Hon. E. M. HEENAN: I was going to deal with the evidence regarding the particular phase under discussion, for it is only right and proper that the Committee should know what has been said in favour of the reduction of the number, and by whom arguments were advanced.

Hon. J. J. HOLMES: The question of printing the evidence was not overlooked. The evidence was so voluminous that the question of expense cropped up, and I think one authority said it would run into several hundred pounds. The select committee decided to leave it for the House to say whether or not that expense should be incurred. I have a copy of the evidence, and I think every other member of the Select Committee has a copy. Mine is available for placing on the Table, so that members desirous of perusing the evidence may have an opportunity to do so.

The CHAIRMAN: The hon. member will agree that unless every member has a copy of the evidence, he should not be denied the right to peruse it.

Hon. C. B. WILLIAMS: Let us get on with the business! The vote will determine the question.

Hon. E. M. HEENAN: Do I understand, Mr. Chairman, that you refuse me the right to quote from the evidence of the select committee?

The CHAIRMAN: I rule that, in view of the fact that the evidence has not been printed, and that no copy is available for each member, the evidence shall not be used by any member for the purpose of reading extracts from it. I hope hon. members who have copies of the evidence will not resort to that course.

Hon. J. J. HOLMES: As Mr. Heenan dissented from the recommendations of the select committee in several instances, I think that in fairness to him he should be given an opportunity to give reasons why he dissented from the recommendations.

The CHAIRMAN: To read the proceedings of the select committee is distinctly out of order, and they should only be referred to.

Hon. W. J. MANN: In view of what you have just said, Mr. Chairman, it appears to me that the consideration of the Bill in Committee will be seriously stultified. If any blame is attachable for the non-printing of the evidence, it is largely my fault. The evidence consisted of 395 pages of close typewriting. The annual report of the Mines Department, consisting of 179 pages, cost £290 to print, so if I was wrong in saying that there was no great necessity to print the evidence, I do not know anything about costs. In addition to that, there are included in the evidence some very large tables that would entail increased expense in printing. If it is not too late the Committee, if it is determined to have the evidence printed, might carry a resolution to that effect. However, if it were printed I feel sure very few members would wade through it. Coming to Clause 2, I am sorry I cannot quote a most interesting table. When Mr. Bradshaw was giving evidence reference was made to small factories designated, mostly by Mr. Bolton I believe, as backyard factories, the conditions in which were said to be appalling. Now Mr. Bolton tells us he is concerned only with factories employing labour. I fancy

that on the second reading Mr. Bolton said nothing like that. Mr. Bradshaw supplied the members of the Committee with a list of about 100 of these small factories, from which the Committee haphazardly selected about one-fifth for first-hand investigation. Our visits to those factories were not announced. We visited in all 16 shops, and with the exception of two or three bakeries it was found that the whole of the allegations made against these so-called backyard factories were completely refuted. Not in a single instance did we find anything approaching the stories that had been told in this House, whereas on the other hand we found a number of persons who were working under perfectly satisfactory conditions, showing that there was no necessity for any change in the present definition. So it would seem that Mr. Bolton has not a monopoly of experience in this House. The recommendations arrived at by the select committee were excellent, and I suggest that they be adopted by this Committee.

The CHAIRMAN: The Chair has no desire that the work of the Committee should be hampered.

Hon. G. W. Miles: Well, let us quote from the evidence taken by the select committee.

The CHAIRMAN: The select committee called evidence and weighed that evidence. It was in a sense a court set up by the House to direct this Committee. The select committee made certain recommendations. Are we now to recopen the whole of the evidence and have another select committee?

Hon. G. W. Miles: I suggest that you ask the Committee whether it is desired that the evidence taken by the select committee should be quoted.

The CHAIRMAN: Is it necessary to quote from the evidence?

Hon. G. W. Miles: Well, if you will not allow it, I will move that your ruling be disagreed with.

The CHAIRMAN: Very well, I will allow the evidence to be quoted—all of it if you like.

Hon. E. M. HEENAN: Clause 2 of the Bill contains one of the most important principles of the Bill and calls for very careful consideration. There seemed to be a division between the big manufacturers and the small manufacturers. On the one hand there was the firm employing a number of men, and which has to comply with hours and conditions laid down by the Arbitration

Court. On the other hand there was the factory employing fewer than four persons, which does not come under the provisions of the Act. Evidence was given by persons qualified to speak, amongst them Mr. Bradshaw, the Chief Inspector of Factories, Mr. Hodsdon, the secretary of the Furniture Trade Employees' Union, and others. Their evidence proved that a number of employers employing fewer than four persons are working under conditions that are unfair to their employees and also to those other employers who have to comply with the Act. Mr. Bradshaw, in answer to Question No. 1 said, briefly—

The first clause I propose to deal with is No. 2, which seeks to amend the definition of "factory," by striking out in paragraph 1 of the definition the words "four or more persons" and substituting the words "any person is or persons." With the few exceptions set out in paragraphs 2 to 8 of the existing definition of "factory," premises in which fewer than four persons are engaged in a handicraft or in manufacturing goods for trade or for sale are exempted from the operations of the Act of 1920, and the premises and persons engaged therein are not subject to the restrictions and supervisions imposed by the Act on occupiers and workers engaged in similar industries where four or more persons are engaged. Owing to his freedom from these restrictions and from supervision by departmental officers, the manufacturer who employs fewer than three persons is enabled to enter into unfair competition with those who employ three or more workers in the same industry. For some years occupiers of factories engaged in various trades, particularly furniture making, complained bitterly of the unfair advantage held by these competitors. It is some time since these complaints were received.

The next evidence I propose to quote from is that of Mr. T. McNee, secretary of the Clothing and Allied Trades Industrial Union of Workers, who in answer to Question 581 said—

With that present definition as it stands the department has not the power to police its own Act. To-day a person can open a business and employ one junior and one senior, work him for the prescribed eight hours, and then work him for four or five hours longer, and does not have to report to the department because the place is not deemed to be a factory. The result is that the award is evaded, and the employee is severely handicapped in being worked for extra hours for next to nothing. It is impossible for the department to police that.

The next question is—

Are there many such places?—Yes.

And you have no jurisdiction?—No, except to see that the employees are paid their wages.

But I have no power to go in after the hour for the cessation of work and see if any persons are still working. I could take you to places where they work all around the clock, but technically they are not factories. We do not know who is working there, because we cannot get in.

Mr. Walter Hodsdon, secretary of the Furniture Trades Union, in question No. 950 says—

These smaller places which are not subject to the provisions of the Act are in direct competition with the bigger employers who are thus put to a considerable disadvantage. Our experience has shown that people come into this country (mainly from European countries) who are prepared to work the round of the clock because the standard of living in the lands from which they have come is lower even than that which they enjoy by working as many as 10 and even more hours a day in this country. We consider it is only right that where two persons are engaged in a trade they should be subject to the same conditions as the rest of their competitors.

Most of the evidence in support of this clause is along these lines. Mr. Hodsdon also points out that for the past ten years overtime in the furniture trade has been prohibited, but a number of smaller men have started in business, and because they do not employ four persons they are able to work overtime and employ their workers under conditions which are not allowed elsewhere. Not only are they able to compete unfairly with other employers who must comply with the Act, but they do not pay proper wages in many cases, and neither do the employees work under hygienic conditions that are enforced elsewhere. That is the evidence which caused me to dissent from the recommendation of the select committee. I hope members will concur in my point of view.

Hon. J. J. HOLMES: Mr. Heenan neglected to say that Mr. Bradshaw, at the request of the select committee, produced a list of the small factories complained of, numbering about 120. A big percentage of these comprised one person only, and in other cases two persons. The committee then inspected the so-called backyard factories. They are not backyard factories. The first place we saw was in Victoria Park, a nice shop in the main street. There was one man making bassinets and selling them to economical housewives. He was doing no one any harm. He pointed out that he had very few materials and bought in small quantities, and paid through the nose for everything. The big factories bought in large quantities, and he said if they could

not compete against him they did not know their business. We then visited an Irish boot repairer in North Perth. He was in a little shop with a 12ft. frontage. When we told him our mission he wanted to know what the country was coming to. Another man lived in a cottage. People go to him to repair their refrigerators in their own homes. In the winter time that business does not exist. Those people are trying to be independent, but this does not suit the powers that be. The backyard factory is a huge joke that has been put over Parliament, and we exploded it in one day. I do not understand why the health authorities do not take action if the conditions ascribed to the small factories exist. When I inspected them I found that the health authorities could not intervene because everything was clean and better than some of the big factories we saw. Western Australia is trying to develop its industries, and the Bill now proposes to impose conditions that do not exist in other States.

Hon. C. F. BAXTER: Mr. Heenan's arguments have not impressed me. Naturally the Chief Inspector of Factories would have strong leanings towards the Bill, and Mr. Hodsdon would look upon it as something after his own heart. I admit that Mr. Heenan should have every opportunity to explain his position, but I do not understand why he should want to go through all the evidence. That is tantamount to a lack of confidence in the select committee. Surely it is not necessary for members to read every line of this evidence. I have here a list of 97 so-called backyard factories. In four of them there are three employees, and in the rest there are two or one. Those people are supposed to be injuring the larger manufacturers, whereas they cannot be possibly interfering with their trade. We have gone far enough along the road of compulsion without extending it in this direction. Ninety per cent. of these small places would not have come into being but for the depression. They represent some of the frugal portion of the community and should be admired for their personal efforts. It is now proposed to close their establishments. I approve of the recommendation of the select committee.

The CHIEF SECRETARY: Numerous speakers have referred to the list supplied by the Chief Inspector of Factories. One would assume that that list is an official list constituting factories not entitled to be

registered under the Act. No official list of the kind is kept.

Hon. C. F. Baxter: I did not mention the list.

The CHIEF SECRETARY: It is being quoted as a list constituting those places which have been styled backyard factories and are not entitled to be registered.

Hon. J. Nicholson: Places that were known to the Chief Inspector.

The CHIEF SECRETARY: I am informed that the list was compiled from memory.

Hon. J. Nicholson: From actual knowledge of people going round, such as inspectors.

The CHIEF SECRETARY: I am stating the actual facts. The list was compiled with the idea of assisting the select committee. No such list is kept. There is no need for the department to keep any such list. It appears to me, from the discussion, that the select committee selected from that list, supplied out of courtesy by the Chief Inspector, quite a number of factories falling within the category of one-man factories. Had the select committee inspected factories so described in this Chamber from time to time, especially as regards two trades, it would have done far more good than by visiting numerous one-man places which obviously cannot be a menace to the larger factories. Undoubtedly much unfair competition is caused at the present time by factories employing only two or three persons and therefore not obliged to comply with the Act. I know that where awards obtain, such factories will pay award wages; but the working conditions they honour only in the breach. Mr. Holmes says the Government is asking for something that does not exist in the other States. In Victoria conditions are similar to those existing here—four or more employees. In South Australia one worker constitutes a factory. In Queensland the number is two or more, and in Tasmania four or more. Therefore it is not quite correct to say that the Government is asking here for more than is required elsewhere. Every employer in an industry should be bound by the same conditions as the other employers. There is nothing in the conditions, so far as I know, that would put any employer out of business. The select committee has not attempted to mention one feature which would operate in that way. If there is a one-horsepower motor in a place where a man works or men work,

that place is a factory; but if the one-horsepower is removed from those premises, the premises are no longer a factory.

Hon. L. B. BOLTON: After hearing Mr. Holmes I am more convinced than ever that the select committee had an entirely wrong idea. I withdraw a statement I made in the heat of the moment that I had more experience of factories than all the rest of the select committee; but I have enough experience to prevent the committee from wasting so much time in inspecting little shops such as that of a shoemaker who does repairs. Later I shall move an amendment making the clause read "two or more persons."

The CHAIRMAN: Mr. Nicholson will have to withdraw his amendment if Mr. Bolton's amendment is to be moved.

Hon. J. NICHOLSON: If Mr. Bolton would allow the matter to proceed in the meantime and let the Committee come to a conclusion on this question, perhaps it would be wiser.

The CHAIRMAN: Mr. Bolton could at the report stage move to recommit the Bill for the purpose of moving his amendment.

Hon. J. M. MACFARLANE: I support the select committee's recommendation. In these days of mechanisation big factories have a great advantage over the small-man factory that has no machinery. Equalisation of conditions appears to be balanced to a great extent. For instance, the small man has to pay cash.

Hon. J. Nicholson: And higher prices.

Hon. J. M. MACFARLANE: There can be no menace to the bigger man in this respect. I support the select committee's view that small establishments are under hygienic control. They do not want to work round the clock except on odd occasions. From the desire of the union secretaries to meet the employers by restricting control, one understands the Government's proposal. It is unfair to stifle the efforts of any individual to better his condition, to avoid being simply an appendage of the Government. Often a man will not work in a factory but will work by himself at home. I know of a place in Victoria Park where not many years ago two brothers worked. It is said they are able to beat the band now, but that is due to the mechanisation which they have installed. Unless a man complies with the Act, he cannot hope to become a large manufacturer.



Hon. H. V. PIESSE: I oppose the select committee's recommendation, and support Mr. Bolton's view. When the Bill was before the Chamber two years ago, I expressed myself to the same effect.

Hon. J. J. HOLMES: I want to make reference to a remark by the Chief Secretary in regard to one-man factories. We asked the Chief Inspector of Factories for a list of premises that did not come under the provisions of the Factories and Shops Act. He supplied the list I have here, and they are nearly all one-man factories.

Hon. T. Moore: Did you strike one with two men?

Hon. J. J. HOLMES: There were one or two with two men.

Hon. T. Moore: You did not tell us about them.

Hon. J. J. HOLMES: We struck one or two with three.

Hon. T. Moore: What about those?

Hon. J. J. HOLMES: There is none with four. The whole list consists practically of one-man factories, and if we did not visit a lot of places where three men or four men were employed, it is the fault of the Chief Inspector of Factories, because he did not know where they were.

The CHIEF SECRETARY: I think the hon. member is most unfair to the Chief Inspector of Factories. I have already informed this Committee—

Hon. J. Nicholson: By way of explanation—

The CHAIRMAN. Order! We are in Committee, and the hon. member can follow the Chief Secretary.

The CHIEF SECRETARY: I have already informed the Committee that that list was supplied by the Chief Inspector of Factories from information supplied to him by his inspectors from memory, and was supplied with a view to giving to the select committee the information he possessed at the moment.

Hon. J. J. Holmes: When did you say that?

The CHIEF SECRETARY: A few minutes ago.

Hon. J. J. Holmes: I was out.

The CHIEF SECRETARY: The Chief Inspector of Factories is not called upon to keep a list of those places. Consequently it was not possible for him to supply to the select committee or anyone else a comprehensive list of the premises coming within

the definition of what we call backyard factories. The Chief Inspector did the best he could. I have not seen that list, but will guarantee that I could mention at least a dozen places, whether in that list or not, which would not come up to the specification mentioned by members in this House to-night. The Chief Inspector is being quoted as being the authority for supplying to the select committee a comprehensive list of all places that do not constitute factories within the meaning of the Act, and that is not fair.

Hon. J. NICHOLSON: I can say on behalf of the whole of the members of the select committee that they were most satisfied with the clear and emphatic way in which the Chief Inspector of Factories gave his evidence. He explained exactly what the Chief Secretary has pointed out, namely that these backyard factories, not being subject to registration under the Act, he did not have any official list, although he had an official list of every factory registered and liable to be registered under the Act. But his officers had gathered information in the course of their rounds as to factories carried on by four or fewer than four persons. He had made notes of them, and it was from that information that he was good enough to supply us with the list. The select committee was then able to make the round of inspection.

Hon. W. J. MANN: I support Mr. Nicholson's remarks with reference to the clear evidence given by Mr. Bradshaw. The Chief Secretary is not fair in inferring that the select committee is taking any undue advantage of Mr. Bradshaw by reason of the list supplied. If the cases to which the Chief Secretary referred existed, the Chief Inspector, or some of his officers, would have known, and it would appear in that list. I do not know that it is right to say the list was supplied out of courtesy. If my knowledge of the powers of a select committee is accurate, a select committee has power to call for papers and information. While we did not make a demand for this information, we made a courteous request, which was courteously complied with. There are 97 cases in that list. I suggest that members have a look at some of them and see the type supplied, and how hard put the inspectors were in some cases to make a decent-sized list.

The CHIEF SECRETARY: I do not want to flog this particular question, but out

of consideration for the Chief Inspector of Factories I want to make it clear that this information was supplied from memory by inspectors, and not taken from records. Irrespective of what the hon. member says about the powers of a select committee, this information was not recorded, and I therefore fail to see how the information could have been supplied unless the inspectors were prepared, out of courtesy, to give information to the best of their knowledge. The list quoted in the House to-night was by no means a comprehensive list of factories that would come within the definition of backyard factories, and it is not an official list.

Hon. W. J. Mann: Would you say the list is accurate?

The CHIEF SECRETARY: I do not know; I should say it is fairly accurate.

Hon. W. J. Mann: I should say it is accurate.

The CHIEF SECRETARY: I understand that a number of persons used to dealing with these matters gave evidence. They made complaints to the select committee but apparently were not asked to supply a list of those premises which would come within the description of backyard factories.

Hon. J. Nicholson: Mr. McNee was.

The CHIEF SECRETARY: Was a list supplied?

Hon. J. Nicholson: I do not think so.

The CHIEF SECRETARY: It is not the Chief Inspector's duty to keep records.

Hon. J. Nicholson: Why flog the matter?

The CHIEF SECRETARY: I am not flogging it. It was stated that the list supplied was the list of the Chief Inspector of Factories, the inference being that it was the only list and a complete list.

Hon. J. Nicholson: I have endeavoured to explain that.

The CHIEF SECRETARY: But Mr. Mann has since gone further and I rose to make clear the actual position.

Hon. E. M. HEENAN: It is difficult for anyone to supply a list because more than one witness pointed out that it was hard to ascertain where these factories were. It is known that many of them are working. Men are employed in the civil service, or some other occupation, in the day time, and in their spare time, in the afternoon or at night, make furniture, and perhaps employ one or two to help them. In that way they

compete unfairly with genuine traders; but the inspectors and union officials know nothing of them until they receive a complaint about wages. I must admit that one union official promised to supply a list of people so operating, but did not do so.

Hon. J. NICHOLSON: The amendment in this clause is the one guiding principle in connection with the Bill, and is a matter that was thrashed out on a previous occasion, when the Bill was before the House. On page 4 of the select committee's report the following appears:—

The business or occupation carried on in each of these premises was obviously small, necessitating in most cases only the labour of the persons themselves, whilst others may engage a little extra help as and when occasions might require this. Your committee was impressed with this evidence of individual effort and the desirability of giving encouragement to persons anxious to establish themselves in some legitimate form of business on their own account. Some of these persons were asked whether they would not prefer to have some regular employment, but they unhesitatingly replied that they preferred to work as they were doing. This is mentioned because of certain recommendations in connection with the Bill submitted.

The point appeared to us to be vital to the State. The value of goods imported from the Eastern States, without taking into account imports from other countries, is increasing greatly and apparently will increase further. We were expected to take all matters for the welfare of the State into consideration, and we felt that, if we recommended the amendment contained in the Bill, we would harm the industrial life of the State and remove opportunities for the employment of workers. I think we did something of value in making this recommendation and I hope members will support it.

Hon. G. FRASER: I have listened patiently for some reason for the amendment, but we have heard nothing but generalities. We have not been told how small factories, if brought under the Act, would be put out of business.

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

Ayes	..	..	..	..	17
Noes	..	..	..	..	10
					—
Majority for	..	..	..	..	7
					—

## AYES.

Hon. E. H. Angelo  
Hon. L. Craig  
Hon. C. G. Elliott  
Hon. J. T. Franklin  
Hon. E. H. Hall  
Hon. V. Hamersley  
Hon. J. J. Holmes  
Hon. J. M. Macfarlane  
Hon. W. J. Mann

Hon. G. W. Miles  
Hon. J. Nicholson  
Hon. H. S. W. Parker  
Hon. H. Seddon  
Hon. H. Tuckey  
Hon. C. H. Wittenoom  
Hon. G. B. Wood  
Hon. C. F. Baxter  
(Teller.)

## NOES.

Hon. L. B. Bolton  
Hon. A. M. Clydesdale  
Hon. J. M. Drew  
Hon. G. Fraser  
Hon. E. H. Gray

Hon. E. M. Heenan  
Hon. W. H. Kitson  
Hon. H. V. Piesse  
Hon. C. B. Williams  
Hon. T. Moore  
(Teller.)

Amendment thus passed.

Hon. J. NICHOLSON: I move an amendment—

That subparagraph (iii) be struck out.

This is more or less consequential.

Amendment put and passed.

Hon. J. NICHOLSON: I move an amendment—

That subparagraph (ii) be struck out.

In view of the division just taken, this subparagraph should be deleted. The subparagraph proposes to amend Section 4 of the Act by striking out paragraphs 2, 4 and 5. Paragraph 2 of the Act includes as a factory any building, premises or place in which a person or persons of the Chinese or other Asiatic race is or are so engaged. If subparagraph (i) of the Bill had been agreed to a factory would have been constituted by any person whether an Asiatic or anyone else. As that amendment of the Act has not been accepted it is essential to retain paragraph 2 of the Act. Therefore subparagraph (iii) must be deleted to retain the existing definition in the Act.

Hon. E. M. HEENAN: I agree with what has been said by Mr. Nicholson. In view of the decision arrived at by the Committee in respect to the previous clause, it is desirable in the opinion of the select committee that subparagraphs 2, 4 and 5 of the parent Act be retained.

Hon. J. Nicholson: That means deleting paragraph (iii) of the Bill.

Hon. E. M. HEENAN: That is right.

Amendment put and passed.

Hon. J. NICHOLSON: Subparagraphs (iv) and (v) stand in the same position. I move—

That subparagraphs (iv) and (v) be struck out.

Amendment put and passed.

Hon. J. NICHOLSON: With regard to paragraph (e) of the clause dealing with showrooms, I should like to read the recommendation of the Committee—

The Committee, whilst approving of the principle of the amendment, would point out that the amendment in its present form would extend to wholesale houses and even to travellers, say, in country and other districts, and would hamper business, and it is therefore recommended that such alterations be made as will exclude such cases.

I hope the Chief Secretary will agree to postpone the further consideration of the remainder of the clause so that we may get a suitable amendment drafted, because it is desired to adopt the principle suggested.

The CHIEF SECRETARY: I have no objection to postponing further consideration of the clause. Whilst I do not think there is any difficulty, the hon. member might like to satisfy himself on the point and while he is doing so, I suggest that he give consideration to the definition of "warehouse" which appears in the same clause. I move—

That further consideration of the clause be postponed.

Motion put and passed.

Clauses 3 and 4—agreed to.

Clause 5—Amendment of Section 15:

Hon. J. NICHOLSON: The recommendation of the select committee is to delete this clause. The purpose is to amend Section 15 by striking out the word "wilfully." It was realised by the select committee that the officers experienced difficulties, but it was considered unfair to place the obligation upon the defendant where a mistake might have been made accidentally and not wilfully.

The CHIEF SECRETARY: It is perfectly true that misleading statements are made to inspectors and also that misleading entries are made in record books. The difficulty of the department is to prove that the entries have been wilfully made or that wrong statements have been wilfully made. It is necessary, of course, that the Act should be policed and it is desirable to see that evasions, when wilful, should be stopped and that offenders should be punished. Members will see that the proviso to the clause protects the individual. The clause is highly desirable from the point of view of the department and I

hope the Committee will allow it to stand as it is.

Hon. J. NICHOLSON: The select committee proposed that not only Clause 5, but Clauses 6 to 9 inclusive be deleted since they are consequential on Clause 5. Can all be dealt with together?

The CHAIRMAN: No. they must be dealt with separately.

Progress reported.

*House adjourned at 10.15 p.m.*

## Legislative Assembly.

*Tuesday, 16th November, 1937.*

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

### ASSENT TO BILL.

Message from the Lieut.-Governor received and read notifying assent to the Anniversary of the Birthday of the Reigning Sovereign Bill.

### QUESTION—MINING INDUSTRY, ACCIDENTS.

*Investigation by Expert.*

Mr. MARSHALL asked the Minister for Mines: In view of the ever-increasing number of fatal and serious accidents in the gold-

mining industry, will he favourably consider the advisability of appointing an expert in gold-mining to investigate the causes of these accidents, and to make a report as to the necessary alterations in legislation or administration to prevent, as far as possible, accidents of this nature?

The MINISTER FOR MINES replied: No. It is not considered that an expert could tell anything more about the causes of accidents experienced than is already known. The existing legislation is built up on many years of experience, and already provides for the elimination of any dangerous practice. The administration of the Mines Regulation Act is in the hands of the State Mining Engineer, Assistant State Mining Engineer, District and Workmen's Inspectors of Mines, all, excepting the workmen's inspectors, possessing technical and practical qualifications, while the workmen's inspectors, recently increased in number, are men with long practical experience. These officers constitute a particularly efficient staff. The fatal accidents this year are at present less than last year's total, and have practically all been of a nature beyond legislative or administrative control.

### QUESTION—EDUCATIONAL FACILITIES, MT. PLEASANT.

Mr. CROSS asked the Minister for Education: 1, Is he aware that a number of small children have to walk daily to and from Mt. Pleasant to the Applecross school? 2, Has consideration been given to the provision of a new school to suit the requirements of the Mt. Pleasant district? 3, If so, when will it be provided? 4, Whether so or not, will he give consideration to the provision of the daily transport for the children to and from Mt. Pleasant to the Applecross State school?

The MINISTER FOR EDUCATION replied: 1, Yes. 2, Yes. 3, The matter is receiving full consideration. 4, See answer to No. 3.

### LOAN ESTIMATES, 1937-38.

*Message.*

Message from the Lieut.-Governor received and read transmitting the Loan Estimates for the year 1937-38, and recommending appropriation.