

compensation fund. Most members are aware that the Labour Government established an insurance fund for the express purpose of meeting all risks in respect of all Government employees, including the employees of the Fremantle Harbour Trust and also of the various hospitals assisted by the Government. That fund has proved a decided success. It has shown that the Government, employing thousands of men in various occupations and in all parts of the State, can cover the risk of accident and death at rates considerably lower than those charged by private insurance companies. As a matter of fact, the contribution of the Government to that fund is less by one-third, proportionately, than the rates paid by private employers to insurance companies. Moreover, during the time that fund has been in existence the whole of the claims arising, whether as the result of accident or death, have been met, and the fund now shows a surplus of about £30,000.

Mr. Underwood: About £35,000.

The Premier: Were the claimants satisfied in all cases?

Hon. W. C. ANGWIN: Always.

The Premier: I saw one that was not satisfied.

Mr. Underwood: But that case was not carried into court.

Hon. W. C. ANGWIN: My reason for supporting the motion is not so much that this Government fund has proved a success, as that Parliament has passed legislation rendering it compulsory for every employer of labour either to pay to an accident insurance fund or else to be prepared himself to meet claims arising out of accidents to his employees. The employer who is not able to carry the risk himself, goes to an insurance company. Seeing that Parliament has created this position, it is the duty of Parliament to make the burden on the employer as light as possible. If we compel a man to adopt a certain course of action, and if we know that course can be taken at considerably less cost through the State than through private enterprise, we are failing in our duty unless we give that man the advantages of State enterprise. To-day the private employer is debarred from getting the benefits of State insurance. I hope that eventually the system of State insurance which we have initiated will go further. I believe it can be applied with advantage in other directions besides that of workers' compensation. The time is not far distant, moreover, when the amount to be paid for accident insurance will increase considerably. We will have to see that the rates of compensation are raised so that the man who meets with an accident will receive sufficient to enable him and his family to live. The present payments do not suffice for that. Again, the amount payable in case of death will have to be raised sufficiently to provide for dependants. These things will prove additional

burdens on the employers of labour unless the Government take action on the lines suggested by this motion. I am very much surprised to find the Premier opposed to the motion. I have always looked upon the Premier as a man at all times willing to promote the development of Western Australia. But he will not develop this State if he pursues a policy of sending out of Western Australia money paid to insurance companies.

Mr. Smith: But there are local companies doing accident business.

The Minister for Mines: Local companies with their head offices in Melbourne.

Hon. W. C. ANGWIN: Most of these companies are foreign companies, and they are reaping a handsome profit from covering Western Australian employers against liability under the Workers' Compensation Act.

Mr. Pickering: They do not admit that.

Hon. W. C. ANGWIN: The Government of this State have in their service almost every class of employee except miners.

Mr. Pickering: That is the worst class of risk.

Hon. W. C. ANGWIN: But the number of miners is small in comparison with the number of other workers. The House would be well advised in not only carrying this motion but also compelling the Government to introduce a State insurance Bill. I shall be very glad to see State insurance extended to cover other classes of risks besides that of workers' compensation.

On motion by Mr. Pickering debate adjourned.

House adjourned at 9 p.m.

Legislative Council,

Thursday, 4th September, 1919.

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

BILLS (2)—THIRD READING.

- 1, Health Act Amendment.
- 2, Pearling Act Amendment.

Read a third time and transmitted to the Assembly.

BILL—GENERAL LOAN AND INSCRIBED STOCK ACT AMENDMENT.

In Committee.

Hon. J. F. Allen in the Chair; the Minister for Education in charge of the Bill. Clauses 1, 2—agreed to.

New Clause:

Hon. J. W. KIRWAN: I move—

That the following be added to stand as Clause 3:—“This Act shall apply to all Inscribed Stock and Debentures issued after the commencement of this Act for the redemption of any loans raised prior to the commencement of this Act, and for any loans which may be raised up to the 30th day of June, 1920; such loans not to exceed a total sum of £500,000, and to debentures issued after the commencement of this Act as security for loans raised before the commencement of this Act.

Yesterday I endeavoured to give reasons why I thought this clause should be added to the Bill. I do not wish to go over those reasons again, as I have no desire to detain the Committee, but I have only to say that Clause 3 will enable the Government to borrow up to six per cent., as they desire for loan redemption purposes, but it will limit the amount of further borrowing at that rate of interest to £500,000. I have no idea whether the Government intend to accept the clause or not. If they do, well and good. If not, I am sure the leader of the House will give reasons why the Government will not accept it. Then I may have something further to say.

The MINISTER FOR EDUCATION: After the adoption of the second reading, I deferred the Committee stage in order that I might go more fully into the matter in view of the suggested amendment. I regret to say it is quite impossible to accept the amendment, the passing of which would seriously embarrass the Government. The Treasury Bills Act provides that the Colonial Treasurer may raise money by the issue of Treasury bills up to the unraised balance of the loan authorisations. On the 30th June, 1919, the amount authorised but not raised was £2,259,522. Mr. Sanderson said yesterday that six millions was authorised but not raised. I am not accusing the hon. member of inaccuracy even, because from his point of view that is practically the position. The balance of the money over and above the two millions added has been raised on Treasury bills. So it is not quite correct to say it has not been raised, but from the point of view of the hon. member it may be correct, inasmuch as inscribed stock will ultimately have to be issued for those Treasury bills. But the amount authorised which has not been raised is, as I have stated, £2,259,522. On the same date, Treasury bills were current totalling £5,359,990. As hon. members understand, the Treasury Bills Act was never intended as other than a tentative measure for the raising of money for short periods until

such time as it might be deemed suitable to issue inscribed stock. The whole of these Treasury bills will ultimately have to be redeemed, and will eventually take the form of inscribed stock. The agreement with the Commonwealth Government in regard to the raising of money for the ordinary loan purposes of the State Government expires at the end of December of this year, and, as previously intimated, that agreement will not be renewed. Subsequent to that date the Commonwealth Government will continue to provide the State Government with money for repatriation purposes, but not for general loan requirements. The consequence is that it will be necessary for the Colonial Treasurer to approach the London market early next year for a loan. That loan will be to provide working capital for the Agricultural Bank and for ordinary loan works. Whilst it is not suggested that the £500,000 specified in the amendment would be insufficient for loan requirements for the remainder of the current year, or perhaps until the suggested date for the expiry of this Act, it must be remembered that Western Australia has never yet gone on the London market for a loan of less than one million, and I do not think it is contemplated that we should do so on this occasion. That will be sufficient to carry on for some months, at all events after the expiration of the financial year. It would not be a good business arrangement to go on the London market for a small loan of £500,000.

Hon. Sir E. H. Wittenoom: It would spoil our reputation.

The MINISTER FOR EDUCATION: I do not think any Treasurer would care to finance so close to the wind as that. The procedure is not one that any financial authority would recommend. Treasury bills have a currency of only five years. Inscribed stock usually has a currency up to 50 years. Loans raised by the Commonwealth on behalf of the States, and the loan raised by the New South Wales Government on its own account, have borne interest at 5½ per cent. Unless the Bill before hon. members is passed we cannot issue inscribed stock bearing a higher rate of interest than five per cent., and it is quite improbable that we should be able to raise money at that figure. It is expected that we shall have to pay, not 6, but 5½ per cent., and, in leaving a margin of one half per cent. the Government are taking a very reasonable course. Although the Act passed last year gave the power to raise money at 6½ per cent., inscribed stock issued under the authority of that measure bears interest at the rate of 5½ per cent. The limit was not reached. The moneys raised by the Commonwealth for the States during the last few years were raised at 5½ per cent. but, allowing for the discount and cost of raising the money, the cost was from £6 2s. 6d. to £6 5s. per cent. It is expected that the money which the Commonwealth Government raise for repatriation purposes

will cost approximately $5\frac{1}{2}$ per cent. The agreement between the Commonwealth and the State Government is that the State Government shall pay the same rate as the Commonwealth. From that point of view alone, this amendment would place the Government in the position of not being able to give the security which the Commonwealth Government demand. The Commonwealth might require inscribed stock for the advances, and it would be impossible under the amendment to issue it.

Hon. J. W. Kirwan: Was not that same reason advanced last year when a similar amendment was proposed?

The MINISTER FOR EDUCATION: I do not think so. The House agreed to the amendment, but in another place it was pointed out that the amendment would embarrass the Government. A conference was held between the two Houses and a compromise was agreed upon.

Hon. J. W. Kirwan: It was stated that even the modification agreed to would embarrass the Government.

The MINISTER FOR EDUCATION: I do not remember any statement to that effect. At the present time, the Commonwealth hold Treasury bills of the State totalling £4,200,000. That represents money the Commonwealth has raised and advanced to the State, and for which it has received our Treasury bills as a temporary security, to be ultimately replaced by inscribed stock when the actual cost to the Commonwealth Government has been ascertained.

Hon. R. J. Lynn: Has the deficit been financed on those bills?

The MINISTER FOR EDUCATION: No, that is under a separate Act. Of the £4,200,000, a sum of £1,100,000 does not fall due until August, 1922, so that amount can be eliminated from present consideration, but the remainder of £3,100,000 was advanced in monthly instalments on a two years currency. On two occasions these Treasury bills have been renewed for a period of one year, but the period of final renewal has now expired and it is competent for the Commonwealth Government to call upon the State in accordance with its agreement—a course which may be taken at any time—to provide inscribed stock at the rate of interest which the money has actually cost the Commonwealth, to replace the £3,100,000 worth of Treasury bills. It is probable that the actual cost to the Commonwealth will be $5\frac{1}{2}$ per cent., and the Commonwealth Government are entitled at any time to call upon the State to issue inscribed stock for those Treasury bills.

Hon. Sir E. H. WITTENOOM: Is that the total indebtedness to the Federal Government?

The MINISTER FOR EDUCATION: Yes, at the present time our total indebtedness to the Federal Government is £4,200,000. The sinking fund trustees in London also hold £218,000 worth of Treasury bills, which have been issued on the understanding that they also shall be replaced by inscribed stock

when the necessary loans are raised. The position right through the war was that the State did not raise money in London on its own account. We have been financing on short-dated Treasury bills, and those bills have to be replaced sooner or later by inscribed stock. The sinking fund trustees would be entitled to demand that those bills should be replaced by inscribed stock on the first loan floated. Of course it would depend upon the advice tendered whether they thought it a favourable time to raise the money. There may be a good deal of difference of opinion as to whether the condition of the money market is likely to improve in the course of a year or two and whether money will become cheaper. The London, County, and Westminster Bank is making advances to meet the sinking fund up to £630,000. That also has to be replaced by inscribed stock when the time is opportune for raising the money. It will be seen that, for a certainty, the Government will have to go on the London market at the beginning of next year for a million of money. In addition, the Government might be called upon by the Commonwealth Government—I do not suggest and do not believe the Commonwealth would do anything unreasonable—but under the terms of the agreement under which the money was advanced, we might be called upon by the Commonwealth to provide inscribed stock for the £3,100,000 as soon as the rate paid by the Commonwealth Government is definitely ascertained. Unless this Bill is passed, or if it is passed with the amendment, it will be impossible for the Government to give the security which the Commonwealth is entitled to ask. In addition, the money advanced by the Commonwealth for repatriation purposes is likely to cost $5\frac{1}{2}$ per cent. and, for that money, the Commonwealth Government will be entitled to ask for inscribed stock. As Mr. Kirwan mentioned, this Bill gives no authority whatever to borrow money, and it is not the intention of the Government to issue inscribed stock at a high rate of interest, if we can avoid it, or if there is a possibility of the rate of interest becoming lower. It must be admitted that a Bill, which will prevent the Government from carrying out their financial obligations or tie their hands in any way, will have very serious results. For that reason I cannot accept the amendment.

Hon. Sir E. H. WITTENOOM: After listening to the explanation of the leader of the House, it seems almost impossible to adopt the amendment, but we must agree that the statement discloses a very serious state of affairs, a state of affairs which I, certainly, had no idea was as extreme as it is. We have had $4\frac{1}{2}$ millions of money, the proceeds of Treasury bills, which is quite a large amount.

The Minister for Education: Spread over a long period of years.

Hon. Sir E. H. WITTENOOM: The question is, how has that money been spent? All loan authorisations are accompanied by a schedule setting forth how the money shall

be expended and, if these loan authorisations are anticipated by Treasury bills, and unless the money is used for the purpose for which it was voted, then apparently we are using the money wrongly. The leader of the House said none of that money had been used for the deficit.

The Minister for Education: I did not say none of it had been so used.

Hon. Sir E. H. WITTENOOM: Then whence does the money come for the deficit? The deficit represents a certain amount of indebtedness for which money must be found, and that money must come from somewhere. If it does not come from the issue of Treasury bills, it must come from loan. The question is whether this money has been properly used. I have had some experience of floating loans in London. Attached to every loan authorisation is a statement setting forth that the money is to be borrowed for reproductive public works, together with a schedule showing the particular works. If we carry out our responsibilities, we can expend that money only on those particular works. To some extent this practice, we know, has been departed from. Many works which were not reproductive works have been paid for out of loan but, from a different point of view, they were works which would be useful for the country. Some explanation is necessary to enable us to understand how this huge sum of money, the proceeds of Treasury bills, has been expended and whether it has been expended in the directions voted. Regarding the rate of interest, we are powerless. When the money market is so tight and so high in point of interest, we must give the Government a limit to enable them to borrow. It would be useless to give them a rate under which they would be unable to borrow. If we did this, an astute Treasurer might evade it by controlling the issue price, and there is a good deal in the issue price of a loan. I have had 3 and $3\frac{1}{2}$ per cent. loans issued at £93. If we limit the Government to $5\frac{1}{2}$ per cent. interest they may say—"We shall have the money and issue the loan at £92." This would be a loss of £8 per £100. A treasurer would require great temerity to do it.

Hon. J. W. Kirwan: It would be contrary to the spirit of Parliament.

Hon. Sir E. H. WITTENOOM: There is nothing to control the issue price of a loan.

Hon. J. W. Kirwan: It would be simple to include that in the measure.

Hon. Sir E. H. WITTENOOM: But we cannot do that. We should treat the Government reasonably in the matter of interest and not tie them down to a certain price at which they shall issue their loans. I support the proposal for the six per cent. rate. I was in favour of the amendments before I heard the explanation of the Minister, owing chiefly to the reasons, so ably advanced by Mr. Kirwan, that the Premier had made a speech in which he stated he had ample funds for the present and if we would give him sufficient for the rest of the year, he

would be satisfied. Some of us may be excused for taking the view put forward by Mr. Kirwan when we remember the continually recurring deficit. Only last month, the deficit was still further increased. Many people consider that the finances of the State are not economically controlled; hence those deficits and, therefore, Parliament should be wary in entrusting the Government with more money than is absolutely necessary for fear some methods might be adopted to deal with loan money as with revenue. These are the points which influenced me in supporting Mr. Kirwan and my position is very embarrassing after having heard the explanation of the leader of the House. In the circumstances we cannot pin the Government down to the rate suggested, because they are indebted to the Commonwealth Government and the British Government to the extent of $4\frac{1}{2}$ millions of money advanced on the security of Treasury bills.

Hon. A. SANDERSON: Whatever else is done, I hope the Bill will not be taken out of the Committee stage this afternoon. It is important that each member, whether he supports the amendment or the clause, should clearly understand the position of affairs. After hearing such a statement as that of the leader of the House, containing quite a number of figures, can hon. members write down clearly what is the position of our financial affairs? I certainly cannot, although I attempted to follow the figures closely. This Bill should have been accompanied by a printed statement of figures, in the same way as the Estimates are. Sir Edward Wittenoom's attitude of pained surprise at the statement of the leader of the House this afternoon would seem to indicate that the hon. member has not had time to look closely into the position of the finances. I hope that the amendment will be carried and that we shall have an opportunity of reading the figures supplied by the leader of the House. The Auditor General's report bears very closely on the matter, but the report before us is 12 months old, and we may not see during this session the report for the past year. In speaking on the Address-in-reply I referred to Australian securities which can be redeemed by either the stockholders or the Government in 1921 or 1922. When those securities fall due, the holders will come along and demand, as they are entitled to do, either that the securities shall be redeemed at par or that they shall be renewed, and the rate for renewal will be more than six per cent. This means that in a few years the total indebtedness of Western Australia will be turned into a 6 per cent. debt. That in itself will be bad enough, but the position will be much worse if we continue to load ourselves up with further liabilities. Reference was made to the Commonwealth Government requiring inscribed stock instead of Treasury bills. I have a shrewd suspicion that what they want is not inscribed stock, but the cash.

The Minister for Education: The agreement is that they shall have inscribed stock.

Hon. A. SANDERSON: Why not give it to them, then?

The Minister for Education: It will be given as soon as the rate of interest is ascertained.

Hon. A. SANDERSON: Is the rate of interest $5\frac{1}{2}$ per cent.?

The Minister for Education: Presumably.

Hon. A. SANDERSON: Let the Commonwealth Government tell us how much they want, and let us earmark that amount. It can hardly be more than a million. Why the Commonwealth Government should want inscribed stock instead of Treasury bills I am at a loss to know, but that is their business. A bottle of ink and a pen are all that would be needed to give the Commonwealth Government what they desire in the form of inscribed stock. But the clause affords us an opportunity of understanding, and to some extent controlling, the financial affairs of this country. I can scarcely believe that the Commonwealth Government do not now know what the money is costing them. The leader of the House tells us that the Sinking Fund Trustees in London want £300,000. But neither the Commonwealth Government nor the Sinking Fund Trustees are going to break us up. I should think the people wanting the money are the banks. I understood that the Treasurer had arranged with the banks to pay the Sinking Fund Trustees the cash.

The MINISTER FOR EDUCATION: I should like to remove the possibility of any misapprehension regarding what I said in reply to Mr. Lynn's question as to the financing of the deficit. The deficit of course has had to be financed by money from the issue of Treasury bills and from loans previously raised. But the financing of the deficit is intended to be done out of Treasury bonds which have a currency of 30 years and which may be issued at a rate of interest up to six per cent., in accordance with the Treasury Bonds Deficiency Act passed by Parliament last year. Money to finance the deficit could be raised under Treasury bonds.

Hon. J. W. Kirwan: Does that apply to the accumulated deficit to-day?

The MINISTER FOR EDUCATION: Only to that portion of the deficit which Parliament has authorised to be financed out of Treasury bonds carrying 6 per cent. interest.

Hon. J. W. KIRWAN: As the proposer of the new clause, I certainly do not wish to embarrass the Government in any way. At the same time, the statement which has been made by the leader of the House is of such a nature that to grasp its import from merely hearing it, is almost impossible. Therefore I hope that, in the light of the discussion which has occurred, the leader

of the House will agree to report progress.

The Minister for Education: I have no objection.

Hon. J. W. KIRWAN: It would be of great assistance to us if we had the statement of the leader in type. I read with close attention the partial financial statement made in another place on the Address-in-reply. It is strange that that statement should not square exactly with the statement of the leader of the House. I may be wrong, but it seemed to me the statement of the leader of the House was not quite consistent with that made by the Colonial Treasurer in another place. That was the impression made upon me on hearing the remarks of the leader of the House. If the amendment does not effect exactly what I desire, it may be possible later on to frame one which, while not embarrassing the Government, will limit the amount of money that may be borrowed at this enormously high rate of interest. Think of what we should have felt if, six years ago, we had been told that the day would come when the State would be borrowing money at six per cent.! Would the leader of the House, as a private member, be ready to give a free hand to any Government to borrow to an unlimited extent at six per cent.? If that hon. member were not a Minister, I can quite conceive with what strength and vigour he would put forward a case for limiting the powers asked for. What makes the position infinitely worse is that when, six years ago, we were borrowing at a lower rate of interest, the State was not nearly in so bad a financial position as it is to-day. At present the net indebtedness of the State is £114 per head of the population.

Hon. V. Hamersley: Does that include the four millions referred to?

Hon. J. W. KIRWAN: Yes, I think it would. But that is not the full extent of our indebtedness, for we have to remember that the war debt of Australia amounts to 300 millions, or £60 per head of the population of the Commonwealth. That £60, added to £114, gives £174 as the net indebtedness per head of the population of Western Australia. Think of what that means! The average head of a family, a man with four children, is representative of six persons. Multiply £174 by six and you get £1,044, being the amount to which the average citizen is indebted. Yet it must be remembered that the average citizen of Australia is certainly not earning £250 a year. Consider the position in that light, and it will be seen it is time a Chamber such as this, with a sense of financial responsibility should do a little, not to embarrass the Government, but to curb the financial orgy which, I am afraid, we are about to embark upon. If we can, by an amendment, limit the extent to which the State Government can borrow, I believe the whole of the present community, together with posterity, will agree that at all events the Legislative Council did some good work in applying that check. That is the object I have in

view. Another point: As taxation has increased, so also the revenue has increased. But the expenditure goes on increasing, and the constant criticism one hears is, "What is the use of extracting so much additional money in the form of taxation, when at the same time you are increasing the expenditure?" The usual reply given to such criticism is that one of the chief reasons for the increasing expenditure is to be found in the increased amount to be paid in interest and sinking fund. One means by which the House can check further increase in that amount is by putting a check on the borrowing policy of the Government. It is with that object I have brought forward my proposal. It will be difficult to embody these ideas in an amendment because, as Sir Edward Wittenoom has pointed out, although we might fix the rate of interest, the Government may go on borrowing at a discount. Therefore, in order to be effective in fixing the rate of interest, it will be necessary to provide that the interest paid shall be equivalent to the amount which we consider fair and reasonable. However, I think we may succeed in framing an amendment to be embodied in the Bill which will make clear the intention of the House as to the price that may be paid for money. I remember that when the leader of the House was a private member he was ceaseless in his condemnation of the Scaddan Government because of what he described as their reckless financial policy. I strenuously supported the Scaddan Government. I admitted that they made some outrageous mistakes, including that iniquitous deed, the starting of the Wyndham freezers. But I felt at that time there was no danger regarding the financial position, that the country could afford to go in for the experiments favoured by the Scaddan Government. But see how the position is changed since that £60 per head of indebtedness has been added to the State indebtedness! What I said in those days was quite true, inasmuch as the Government are to-day able to carry on. But we have reached the time when, if we want to preserve the solvency of the State, we must insist upon a halt being called. If the House desires to check frenzied finance, this is the only and last opportunity it will have. I want to be able to say to my constituents that at any rate I have done my little bit towards preserving the solvency of the State.

Hon. J. CORNELL: I regard the amendment somewhat as I regard my domestic affairs. Owing to the war and its aftermath, I find that my domestic affairs cannot be conducted as they were in pre-war days, and that if I am going to make ends meet it is necessary to cut out a little which I previously enjoyed. We may have another opportunity, when the Loan Estimates come down, of dealing with the question embodied in the amendment, but this is the time for the House to make up its mind whether it is going to hand a blank cheque to the Government, whether it is going to

say that the present and succeeding Governments may borrow all they think fit. It is time we started in some way to curb the financial orgy in which we have been indulging. I have been hopeful that something would turn up to stop the ever-increasing deficit. Month after month and year after year our expenditure exceeds by a considerable amount our income, and it is time we made up our minds as to what we think should be a fair and reasonable amount to be raised by way of loan. I would not be a party to putting any obstacle in the way of permitting the Government to meet obligations entered into prior to the passing of this Bill, but we should set down a definite amount which we think should be borrowed during the ensuing year. I am not wedded to the amount set out in Mr. Kirwan's amendment. Whilst the Premier may be prompted by honest motives, I think this House should view such an optimist as one around whom some kind of fence should be erected. The 6 per cent. proviso should, in my opinion, only be extended over a period of one year.

The MINISTER FOR EDUCATION: If hon. members desire to have a further opportunity of considering the matter, I have no objection to progress being reported. The carrying of the amendment would not limit the borrowing powers of the Government. There are fixed by loan authorisations. It might restrict the method by which these borrowing powers could be exercised, and the security that would be given. The Government have three methods of raising money. The first is the permanent method of raising it under inscribed stock which has a currency up to 50 years, and without the passage of the Bill we are limited to interest at five per cent., although Sir Edward Wittenoom pointed out that this may be evaded by discount. As a matter of fact, during the period when Western Australia was raising money at $3\frac{1}{2}$ per cent., and for a long time when it was restricted to 4 per cent., the Treasurer from time to time kept within the limits of the law by issuing his loans at a discount and paying the nominal rate of interest of 4 per cent. In addition, money can be raised under Treasury bonds at 6 per cent., or under Treasury bills at any rate of interest the Colonial Treasurer may decide upon. I know members do not desire to embarrass the Government. If an amendment were carried to prevent the Government from borrowing under the Inscribed Stock Act, the only result would be to put the Government to an unnecessarily expensive method of raising money. I have a feeling that 6 per cent. is rather a high rate of interest to be included as a permanent measure in our Inscribed Stock Act. I see no harm in renewing the provision from year to year. So far as increased expenditure alongside the increased taxation is concerned, Mr. Kirwan must bear in mind that the Government employ a huge army of people in different capacities, and the inevitable result of the increased cost of living has been a large increase in sal-

aries and wages. These increases alone to the employees of the Government will eat up the whole of the increased taxation.

Hon. J. W. Kirwan: I mean increases in the interest and sinking fund bill. The more we borrow the more it will increase.

The MINISTER FOR EDUCATION: The hon. member will agree that, so far as concerns that four millions odd which represents our loan expenditure, and to some extent, our deficit for the last three or four years, we are bound to place that on a permanent basis, and we are also bound for some time to come to borrow such money as may be necessary for repatriation purposes.

[The President resumed the Chair.]

Progress reported.

BILL—STATE CHILDREN ACT AMENDMENT.

Returned from the Legislative Assembly with amendments.

BILL—JUSTICES ACT AMENDMENT.

Received from the Assembly and read a first time.

BILL—KALGOORLIE FRIENDLY SOCIETIES' INVESTMENTS VALIDATION.

Received from the Assembly and read a first time.

BILL—CROWN SUITS ACT AMENDMENT.

Second Reading.

The MINISTER FOR EDUCATION (Hon. H. P. Colebatch—East) [5.43] in moving the second reading said: Hon. members are no doubt aware that in the absence of special legislation, claims can only be enforced against the Crown by a petition of right. That does not apply to actions founded on torts. In 1898 Parliament passed the Crown Suits Act, enabling certain claims against the Crown to be dealt with in the same manner as suits between subject and subject. The matters upon which a petition was founded against the Crown were in cases of breach of contract, and certain wrongs arising in connection with public works, such as negligence. This meant that no matter what the amount of the claim was which anyone had against the Crown, the claimant was forced to go to the Supreme Court to file his petition. The object of the Bill is to enable claims against the Crown that, by virtue of the amount, are within the local court jurisdiction, to be brought to the Local Court. The local court jurisdiction extends to claims not exceeding £100. I believe that in regard to that there are certain exemptions, such as titles to land, libels, seduction and other matters. Under this Bill, when a person has a claim against the Crown within

the local court jurisdiction, instead of his lodging a petition in the Supreme Court, such petition can be filed in the Local Court. In order to protect any objection which the Crown may have, which protection is necessary because the prerogative of the Crown may in certain instances be in question, the petition cannot be filed in the Local Court without the consent of a Crown Law officer. By Crown Law officer is meant the Attorney General, the Solicitor General, or some other person authorised by the Attorney General. At present, with the consent of a Crown Law officer, the trial in a petition of right may be heard in the Local Court. It was thought that not only could claims against the Crown be tried in the Local Court, but that a petition could be filed in the Local Court. A case came before the Full Court not long ago when it was decided that, although the hearing might take place in the Local Court with the consent, of course, of a Crown Law officer, the petition itself could not be filed there. The result of filing a petition in the Supreme Court is that the petitioner has to follow the usual procedure of that court, and deliver pleadings and so forth, which are not necessary in purely local court matters. The decision in respect to small claims, therefore, was rendered more expensive than if only the local court procedure had to be adopted, and it also took a longer time before it was given. The object of the Bill is to remedy this defect. When the petition is filed in the Local Court, the ordinary procedure as regards local court actions will apply. Under the old procedure there was a disadvantage accruing from the fact that the petition was filed in the Supreme Court, and no matter what the amount was that was recovered, the successful party would be entitled to costs on the Supreme Court scale. Under the Bill, however, if an action is brought by petition of right in the Local Court with the consent of a Crown Law officer, the petitioner can only recover the same costs as he would recover under the Local Court procedure. Another provision in the Bill is that, where a petition has been brought into the Supreme Court, the Crown can apply to have it remitted to the Local Court. In cases of a tort, the Crown, like any other subject, can apply to have the action remitted to the Local Court and get security for costs in certain cases. The main object is to give the Local Court jurisdiction as regards claims against the Crown in matters within its jurisdiction, in order to avoid the necessity for filing petitions in the Supreme Court, and the effect will be to expedite and cheapen procedure in cases where the amount at issue is the amount coming within the ordinary jurisdiction of the Local Court. I move—

That the Bill be read a second time.

Question put and passed.

Bill read a second time.

House adjourned at 5.50 p.m.