

monwealth law relating to restriction of interstate trade.

It is stated that the New South Wales Government has agreed to the suggestion of the Victorian Department of Agriculture and will take early steps to deal with the matter. If the other States fall into line, the margarine menace, which has, for a long period of time, been a bugbear to dairymen throughout Australia, will be a thing of the past. It has been stated that margarine is substituted for butter in Melbourne restaurants; but that is not the case. The great majority of restaurant proprietors scorn to descend to such tactics, and serve butter of good quality to their customers.

I think I have said enough to illustrate that in our State dairying is a growing industry requiring all the assistance it can have. In view of the required protection of group settlers, I cannot understand how the Minister was prevailed upon to take the action he did, in allowing those 200 boxes of margarine to come into competition. I see that to-day the dealers are above their quota and now one cannot get the requirements from them, but I am informed that they are quite satisfied that they will be able to get an extension and so fulfil the orders that customers are clamouring for. Margarine is a distinct menace to the butter industry, and I say the Leader of the House should take it up with the Minister for Agriculture and see what can be done at the earliest date to check the consumption of margarine. In conclusion I rejoice with the farming community in the recent copious rains and trust that the dry and anxious period will be left behind and that from now on until harvest time favourable conditions will prevail. It will be seen that these recent rains have also a strong bearing on the city's water supply when it is realised that Mundaring Weir is still 9 feet away from the overflow. If it had not been for the forethought of the Government in pushing forward the construction of the Canning Dam the metropolitan area must have experienced a very severe shortage of water this summer. There are one or two other matters with which I should have liked to deal this evening, but I realise that the Minister, rightly, I think, desires to conclude the Address-in-reply debate, this week, so I will leave my remarks at that, save to say I trust that the work of the session will prove fruitful to us all.

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

House adjourned at 8.56 p.m.

Legislative Assembly.

Tuesday, 24th August, 1937.

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

QUESTION—GAS, FREMANTLE COMPANY'S POWERS.

Mr. NORTH asked the Premier: Having regard to the facts 1, that the Perth City Council can and do obtain extensions to their territory for the sale of gas by means of an Order in Council, and 2, that a number of residents in and around Swanbourne, who live beyond range of the service, desire to use gas, are the Government prepared to make this power legally available to the Fremantle Gas Co.?

The PREMIER replied: An application submitted on behalf of the Fremantle Gas & Coke Co., Ltd., is now under consideration.

QUESTION—RURAL RELIEF, FEES PAID.

Mr. BOYLE asked the Minister for Lands: What is the total amount received by the Trustees under the Rural Relief Act on account of application and other fees paid by applicants for debt adjustment under the Act?

The MINISTER FOR LANDS replied: The total amount received on account of application and other fees paid by applicants for debt adjustment under the Farmer's Debt Adjustment and Rural Relief Fund Acts is as shown in the annual report tabled on Thursday, the 19th instant, viz., a total of £5,974 9s. 5d. for the period of 18 months, 1/1/36 to 30/6/37.

QUESTION—TENDER BOARD FORMS.*Clause Relating to Unionists.*

Mr. McDONALD asked the Premier: 1, Are the Government aware that the Tender Board has issued tender forms containing the following clause:—"9. Every tenderer, when lodging his tender, must state in writing whether or not the servants or employees whom he employs in or in connection with the conduct of his business, and who will be engaged in or in connection with the supply and delivery of the goods by the tenderer, if his tender is accepted, are financial members of a registered industrial union of workers in the industry to which the tenderer's business relates; and if such tenderer's tender be accepted, the tenderer must undertake as a condition precedent and going to the root of the contract that only persons who are financial members of a registered industrial union of workers in the industry to which the tenderer's business relates, will be employed by the tenderer in or in connection with the supply (including manufacture or preparation where the goods are manufactured or prepared by the tenderer in Western Australia), and delivery of the goods to be supplied by the tenderer pursuant to the acceptance of his tender unless the Treasurer for Western Australia by writing under his hand approves of other persons being so engaged?" 2, Has such clause been inserted in the tender forms by the Tender Board of its own volition and without any suggestion or instruction by any other person? 3, If not, on whose suggestion or instruction has such clause been inserted by the Tender Board in its tender forms?

The PREMIER replied: 1, 2 and 3, Cabinet decided to apply the principle of preference to unionists to all Public Works contracts in the following terms:—

(a) Preference shall be given to financial members of recognised unions.

(b) If other than financial members of recognised unions are engaged, such persons shall make application to join the appropriate union within fourteen days of commencing work, and complete such application.

This clause has been inserted in all building contracts. The clause complained of was not submitted to the Government or any Minister. It has been referred back to the Tender Board.

BILL—MUNICIPAL CORPORATIONS ACT AMENDMENT.*As to Restoration to Notice Paper.*

Notice of motion read for the Minister for Works to move:—

That, under the provisions of Standing Order No. 419 (a), the Bill for "An Act to amend the Municipal Corporations Act, 1906, and for other purposes relative thereto," be restored to the Notice Paper at the stage which it had reached in the previous session of Parliament.

THE MINISTER FOR WORKS (Hon.

H. Millington—Mt. Hawthorn) [4.37]: I do not propose to proceed with my notice of motion. It has been found that the Bill introduced last session will not meet present requirements. Since that Bill was before members, requests have been made for an amendment that will give municipal corporations powers relating to the expenditure of money outside their own boundaries. I propose to include that provision in the new Bill, notice of which I have given to-day. I shall not move the motion, the effect of which would be to revive the old Bill.

Mr. SPEAKER: The motion lapses.

BILLS (7)—FIRST READING.

1. Main Roads Act Amendment.
Introduced by the Minister for Works.
2. Mining Act Amendment.
3. Betting Control.
Introduced by Mr. Marshall.
4. Local Courts Act Amendment.
5. Municipal Corporations Act Amendment.
Introduced by Mr. Cross.
6. Legal Practitioners Act Amendment.
Introduced by Mr. Sleeman.
7. Constitution Act Amendment.
Introduced by Mr. Hughes.

BILL—FEDERAL AID ROADS (NEW AGREEMENT AUTHORISATION) ACT AMENDMENT.*Second Reading.***THE MINISTER FOR WORKS (Hon.**

H. Millington—Mt. Hawthorn) [4.42] in moving the second reading said: It will be recalled that towards the close of last session a Bill for the ratification of the new Federal Aid Roads Agreement was introduced and passed through both Houses of

Parliament. The agreement had the effect of extending the previous agreement for a period of ten years, the basis of allocation being, as previously, three-fifths population and two-fifths area. The Bill now before members seeks to vary in two respects the agreement as ratified last session. It will be recollected that, by the new agreement, 3d. per gallon is allotable to the States in lieu of 2½d. prescribed in the agreement that has now expired. Of that 3d. per gallon, 2½d. is specifically to be spent on roads. The remaining ½d., however, was, as originally drafted by the Commonwealth, to be ear-marked for "construction, reconstruction, maintenance or repair of roads or other works, or upon forestry, as the State may think fit." With this wording, the clause was introduced in the measure before the Federal Parliament, but was subsequently amended so as to modify the purposes to which the money could be applied, the modified purposes being as now set out in the Bill before the House. They are: "Construction, reconstruction, maintenance or repair of roads, or other works connected with transport as the State may think fit." It will be noted that the amendment consists in the substitution of the words "or other works connected with transport" for the words "or other works or upon forestry." What I have said up to now has reference to the proposed amendment of Section 4, subsection 2 of the authorising Act of last session. I now come to the proposed amendment of Section 5, subsections 1 and 2. On receipt of the original draft of the Agreement from the Commonwealth, exception was taken by the State to the wording of certain clauses. Quite a lot of telegraphed correspondence passed, seeking variations of the same in order more clearly to define the limitations of the Commonwealth in the requiring of the States to repair roads leading to Commonwealth property. It was ultimately found that both Queensland and South Australia had accepted the original draft. In order, therefore, to secure the necessary ratification last session, enabling the Commonwealth to continue payments to the States without interruption, the Government tentatively accepted the draft and introduced the required ratification legislation. The Government took the view that even the original draft offered such a good deal to the States, and to this State in particular, that quibbling on more or less immaterial

minor features was inexpedient. However, the larger States continued the argument with the Commonwealth, with the result that the Agreement as now submitted contains variations of the original which are included in the Bill now before the House. One of these variations is to be found in Section 5, subsection 1, where the words "During the period of 10 years commencing on the 1st July, 1937 and not thereafter" are inserted after the word "State" in line 1. This will have the effect of definitely limiting the period during which the Commonwealth may require the States to render the specified service. The Government are of opinion that the period is implied in the original draft, but there can be no objection to the insertion of the words sought to be inserted by the Commonwealth. The proposed amendment of Section 5, subsection 2, will have the effect of limiting the extent to which the Commonwealth may require the States to appropriate funds for the repair, etc., of roads leading to Commonwealth property, as specified in the preceding sub-clause. Thus, if the amount receivable from the extra ½d. should, as expected, realise £100,000, the call on the State by the Commonwealth in any one year would be limited to slightly over £8,000. This amendment is all to the good so far as the State is concerned, and should not meet with any objection in this House. Now there are just a few other points I would mention. One is that at the request of the Commonwealth Government the word "forestry" is to be struck out, and instead of giving the State discretionary power to spend money on works, we are now limited to works connected with transport. This is due to the pressure of Federal members on the Federal Government. I assume that the desire is that the petrol tax, or that part of it allocated to the States, should be spent on roads. Also I assume that the pressure on the Federal Government came from the motorists. The Commonwealth and all the other States have agreed to that amendment, and although we protested against it, we eventually had to fall into line. In a measure, the old Agreement suited the Commonwealth Government, because it authorised the States to spend money on forestry, and so the Commonwealth Government would be relieved of the necessity of giving aid to the States in that regard. However, the expenditure is now to be closely confined to

works connected with transport. Another point: there was a doubt as to how far the Commonwealth could call on the States to construct or repair roads directly under Commonwealth control, that is 'to say', Federal roads. As a result of the negotiations of the larger States, we now have a limitation placed upon that—I think it amounts to one-twelfth of the additional money that will be received—that is, of the money that will come to the States from the additional $\frac{1}{2}$ d. the Commonwealth will call upon us to spend £8,000 out of every £100,000. It is necessary that this Bill should pass quickly for we are unable to collect the money from the Commonwealth until this Parliament authorises the Premier to sign this Agreement.

Hon. C. G. Latham: It is already signed.

The MINISTER FOR WORKS: No. We prepared well ahead last year in anticipation of the 1st July, but when that date came round we found that the Commonwealth, owing to pressure, had altered the Agreement; therefore the Agreement that this House authorised last session was no longer acceptable to the Commonwealth.

Hon. C. G. Latham: Do you mean to say you had no money from the Commonwealth in July?

The MINISTER FOR WORKS: I have not questioned the Treasurer on the matter, but we are informed that we cannot legally be paid until this Agreement is ratified. I move—

That the Bill be now read a second time.

On motion by Hon. C. G. Latham debate adjourned.

BILL—STATE GOVERNMENT INSURANCE OFFICE.

Message.

Message from the Lieut.-Governor received and read recommending appropriation for the purposes of the Bill.

Second Reading.

THE MINISTER FOR EMPLOYMENT
(Hon. A. R. G. Hawke—Northam) [4.53]
in moving the second reading said: Members, on perusing the Bill, will readily see that the provisions contained therein are the same as those that were contained in a similar Bill that was narrowly defeated in the Legislative Council last session. The Bill proposes to validate all past transactions of

the State Insurance Office and legalise its establishment; to give the Office power to transact accident insurance business, including workers' compensation, employers' liability and ordinary accident insurance. The Bill also contains a provision for other types of insurance business to be carried on, if authorised by the Governor by Order-in-Council. It is further provided that the State Insurance Office shall be established as an incorporated insurance office approved by the Minister under Section 10 of the Workers' Compensation Act, 1912-1934. As members are aware, the State Insurance Office has been operating for many years. The reasons responsible for its establishment have been explained so many times that they are well known to all. During the existence of the Office, Governments representing opposing views in politics have been in power. Although some Ministers of some of those Governments have at times condemned the action of the Labour Party in establishing the Office, the Governments of which those Ministers were members have not made any move to prevent the carrying out of insurance activities by the State Office. It is true that a certain amount of criticism has been levelled against each proposal made to legalise the State Office, but most members of Parliament have agreed that the business activities of the Office should be validated, as will have to be done sooner or later. However, as I have said, there has been criticism of the successive proposals to legalise the Office and empower it to carry on in the future. The opposition to legalising the Office is in my opinion motivated more by personal interests than by any desire to benefit the State. It is impossible to justify opposition to the legalising of the State Office on its operations during the period it has been in existence. A study of the operations of the Office will lead one only to believe that operations of that description should be legalised and extended. Although the successful history of the State Office has been explained on several occasions, it is my intention to remind members and the general public of what has been achieved. On this occasion I intend to give the latest figures available, those relating to the last two years, which demonstrate the successful working of the office during the whole period of its existence. If any member desires detailed information concerning the workings in previous years it will be made available without delay. Dealing first with the accident de-

partment of the State office, and excluding all Government workers, I would quote the following figures:—

ACCIDENT DEPARTMENT, excluding all Government Workers.

Year.	Premium Income.	Claims Paid.	Administration Expenses.	Surplus for the Year.
	£	£	£	£
1935-36	242,906	173,022	3,706	66,240
1936-37	268,329	206,987	4,091	61,888

FIRE INSURANCE DEPARTMENT.

Year.	Premium Income.	Claims Paid.	Administration Expenses.	Surplus for the Year.
	£	£	£	£
1935-36	1,875	1,678	308	217
1936-37	2,183	1,945	407	Loss for the year 145

During its existence the office has accumulated very substantial reserves. The reserves accumulated at the 30th June of this year are as follow:—

	1935-36.	1936-37.
	£	£
State Insurance Trust Fund, including miners' phisids	320,251	388,139
Government Workers' Compensation Fund	35,072	58,390
Fire Insurance Fund, including motor car insurance	44,809	44,562
Marine Insurance Fund	4,300	4,758
	<u>£410,522</u>	<u>£405,849</u>

This total of £495,849 is greater by £85,000 than was the case at the 30th June, 1936. The history of the State Insurance Office as shown in the figures I have quoted proves that the office has been conducted successfully. The conduct of the office has shattered completely the suggestion that the State department could not possibly conduct the highly involved and difficult business of insurance with any degree of success.

Hon. C. G. Latham: Why are the premium rates so high to the Civil Service?

The MINISTER FOR EMPLOYMENT: If the Leader of the Opposition desires information on that point, I shall be glad to obtain it, and make it available to him if possible before he makes his second reading speech in support of the Bill.

Hon. C. G. Latham: You will have a long time to wait.

The MINISTER FOR EMPLOYMENT: At the time the office was established, there never was any doubt in the minds of those responsible for it as to the measure of success it would achieve. That optimistic belief in the minds of the originators of the office was inspired by a knowledge of the extremely profitable nature of insurance business. At a later stage it will be shown that the conduct of the State office has been far more economical and businesslike than is the conduct of private offices. Western Australia is not the only part of the Commonwealth or of the world where State in-

surance offices are in operation. The following figures set out the position with respect to the Accident Insurance Office as operated in Victoria by the Government of that State. These figures cover each of the last two years. Figures for the previous years in regard to all of the tables that will be quoted will be made available if desired by any member of the Chamber. The figures for Victoria are as follows:—

STATE ACCIDENT INSURANCE OFFICE.

Year.	Premiums.	Workers' Compensation Department.		
		Claims Paid.	Administration Expenses.	Profit (+) or Loss (—).
	£	£	%	£
1934-35	82,115	54,733	12.23	+11,433
1935-36	118,067	73,015	10.60	+14,832

The State office in Queensland operates five separate types of insurance business. The experience of each section during each of the past two years has been as follows:—

QUEENSLAND STATE INSURANCE OFFICE.

Year.	Premiums.	Workers' Compensation Department (Ordinary and Domestic).		
		Claims Paid.	Administration Expenses.	Profit (+) or Loss (—).
	£	£	%	£
1934-35	391,931	295,004	64,739	—49,335
1935-36	463,353	449,337	70,634	—66,293

Hon. C. G. Latham: Why choose that class of business?

The MINISTER FOR EMPLOYMENT: The State office in Queensland probably does not choose that class of business, as the Leader of the Opposition suggests. The State office there from the date of its inception has been responsible for keeping a check upon the premiums charged. It would appear in regard to this type of insurance that the premiums charged are not at the level at which they should be.

Hon. C. G. Latham: There was a loss of £49,000 in 1934-35 and of £66,000 in 1935-36.

The MINISTER FOR EMPLOYMENT: By virtue of the fact that the Queensland State office has the right to carry on other types of insurance business, the loss which has been suffered on ordinary and domestic workers' compensation insurance has been more than balanced in other departments.

Mr. Patrick: Are the premiums in that class of business lower than they are in ours?

The MINISTER FOR EMPLOYMENT: I should say they were considerably lower. The figures relative to the fire insurance section of the Queensland State Insurance Office are as follows:—

FIRE INSURANCE DEPARTMENT.

Year.	Premiums.	Claims Paid.	Administration Expenses.	Profit (+) or Loss (—).
1934-35 ...	£ 158,057	£ 40,311	£ 42,168	£ +69,786
1935-36 ...	157,810	31,430	40,674	+81,247

MINERS' PHTHISIS DEPARTMENT (Workers' Compensation).

1934-35 ...	22,008	23,073	5,614	+12,486
1935-36 ...	35,821	19,279	8,462	—18,633

MISCELLANEOUS ACCIDENT DEPARTMENT.

1934-35 ...	20,740	5,841	6,450	+10,399
1935-36 ...	22,574	8,312	7,152	+12,120

MARINE DEPARTMENT.

1934-35 ...	3,100	448	1,278	+3,211
1935-36 ...	3,165	823	1,246	+3,236

An examination of the operations of all sections of the Queensland insurance office proves that the types of insurance business that our State office does are more or less the unprofitable types of insurance business. On the other hand, the highly profitable types carried on by the Queensland State office are the types of insurance business in which our State office is not dealing. It would appear from an examination of the operations of the Queensland office during recent years that an expansion of the operations of our own office would be a means of strengthening that office and benefiting the insuring public. The following is the position during the last two years of the Government insurance office of New South Wales:—

WORKERS' COMPENSATION DEPARTMENT.

Year.	Premiums.	Claims Paid.	Administration Expenses.	Profit (+) or Loss (—).
1934-35 ...	£ 129,838	£ 103,089	£ 11,699	£ +22,706
1935-36 ...	132,902	104,913	12,071	+26,029

FIRE AND MARINE DEPARTMENT.

1934-35 ...	20,935	2,748	1,763	+27,776
1935-36 ...	19,544	2,109	1,709	+27,716

Mr. Seward: The figures are very extraordinary. Are the profits correctly set out?

The MINISTER FOR EMPLOYMENT: I have corrected the profits to the right amounts. Unfortunately, it has not been possible to obtain the figures covering the activities of the State-owned office in New

Zealand for the year 1936-37. However I have no doubt that with the progressive type of Government now enjoyed by the Dominion they will prove even better than the figures for 1935-36.

Hon. C. G. Latham: There will be a bigger mess than ever.

The MINISTER FOR EMPLOYMENT: The figures for 1935-36 indicate the success achieved by the operations of State-owned insurance in New Zealand. As regards fire insurance the system of re-insurances naturally operates. It will only need a big blaze to develop in a city and the insurance office carrying the whole of the fire risk will immediately be wrecked. Therefore it is the universal practice in the insurance world to spread risks of fire insurance.

Mr. Watts: Does our State Office do that?

The MINISTER FOR EMPLOYMENT: That office does spread its fire insurance risks. However, the amount of fire insurance risk carried by the State Office is very small indeed. If hon. members care to inquire from anyone well versed in insurance business, they will learn that fire insurance business, especially as regards residential homes, is easily the most profitable type of insurance business existing.

Mr. Patrick: There is very little risk, of course.

The MINISTER FOR EMPLOYMENT: The risk is practically nil. Almost every house is insured. Although the amount of insurance on each house is not great, yet when the amounts covered on all the houses are lumped the total becomes very large. This is a field where the State Insurance Office of Western Australia, like the State Insurance Offices in other parts of the world, should be allowed to enter and do business. State-owned offices are being carried on successfully in countries other than Australia. The fact that most State-owned insurance offices in the world carry on all types of insurance business should not be overlooked by members giving consideration to this measure. The fact is a very powerful argument in favour of the provision in the Bill which proposes to give our own State Office power to conduct general insurance business if authorised so to do by the Executive Council. In the case of the New Zealand office the figures of the fire department for the year 1935-36 are: Premiums, £199,898; claims paid, £53,151; administration expenses, £53,779; profit, £59,731. If the gen-

eral insurance activities of State-owned offices in Australia and in other parts of the world had failed, this Parliament would not be asked to give, and certainly would not be justified in giving, power to our own State Office to transact insurance business of a general nature. The fact is that insurance activities elsewhere have been carried on with considerable success by State-owned offices, with the result that they have been able to develop much more rapidly and to a greater extent than has our State Office. As a matter of fact, State-owned offices doing general insurance business could not possibly fail, because the power to do general insurance business is a type which practically forbids failure. General insurance activities having been carried on with considerable success by State-owned offices in other parts of the world, the Government of this State now ask, with every possible justification, for the State Office to be given additional power. In some parts of America, State-owned offices have been given a complete monopoly of certain types of insurance business. This has not been a recent development. It is true that in recent years the policy of the United States has changed drastically. However, American State insurance offices are not a recent development. They have not been set up within the last two or three years. They have been operating for long periods. Every hon. member knows that America until recently was always regarded as the all-powerful citadel of private enterprise. Until lately private enterprise was not only strongly entrenched in America, but was almost worshipped as being the only right method to use in the conduct of industry. State ownership, and even State control, had always been discouraged and condemned by the great majority of the American people. Despite a powerful pro-private enterprise opinion, State insurance offices were set up in certain States of the American Union years ago. As I pointed out, some of those offices were given a complete monopoly of certain types of insurance business. Others were given an absolute monopoly of all classes of insurance business. In this regard, I consider, hon. members of this Chamber and hon. members of the Legislative Council when considering the Bill ought to ask themselves why a country strongly in favour of private enterprise should author-

ise the establishment and operation of State-owned insurance offices. We can be sure that those offices were not established for the purpose of losing money. In fact, their history proves that they have not lost money. On the contrary, their existence has been highly profitable. The fact that America, with its powerful views in favour of private enterprise, established State-owned insurance offices is an all-powerful argument to show that the field of insurance business is a field into which the State is entitled to enter, and which it should enter at every possible opportunity. There can be no doubt that the establishment of State-owned insurance offices in America was brought about because of the undue exploitation of the insuring public of certain States of America by the private insurance companies operating within those States. If the States of America concerned took that action to protect the insuring public, I think the time is long overdue when the Parliament of Western Australia should take similar action in this State for the purpose of protecting the insuring public of Western Australia. The present Bill does not propose to grant any measure of monopoly to the State Insurance Office in respect of any type of insurance business. The Bill merely asks that the State office shall be permitted to enter into competition with privately owned companies in Western Australia. There has never been a logical argument put forward as to why the State should be denied the right to enter into competition with private insurance companies. The fact that this Bill only asks Parliament to give the State office the right to enter into competition with private companies provides a splendid opportunity for those members of Parliament who are continually talking about competition being the soul of trade to prove their genuineness. If competition is the soul of trade, if competition is desirable, if competition does have a beneficial effect, which we are sometimes led to believe it does—

Mr. Thorn: Do you believe in it?

The MINISTER FOR EMPLOYMENT: I believe in it, with very many reservations.

Mr. Thorn: I thought so.

The MINISTER FOR EMPLOYMENT: What I am explaining is that if the member for Toodyay and others who think with him that competition is beneficial—

Mr. Thorn: That is what you are trying to stuff down our necks.

The MINISTER FOR EMPLOYMENT: That is one of the cardinal points of the philosophy of the anti-Labour parties—if anti-Labour parties can be said to have a philosophy.

Mr. Thorn: That is the dope you are using to get support from this side of the House, although you do not believe in it yourself.

The MINISTER FOR EMPLOYMENT: I believe in it, with certain reservations. If the belief that competition is beneficial is a cardinal point in the philosophy of the Opposition, here is an opportunity for them to assist to provide some additional and very necessary competition in regard to insurance. If there is one field in which competition is necessary, it is in the field of private insurance. What fear can hon. members opposite have regarding the competition that would be offered if the State Office were given the powers which this Bill proposes should be given to it? What are the fears of hon. members—not so much hon. members of this Chamber as those in the Legislative Council? What would be the result of giving our State Office the additional powers asked for? The experiences I have related this afternoon of State-owned offices in other parts prove that the granting of these additional powers to our own State Office would not have the effect of causing our State-owned office to lose money. On the contrary, that office, under the new conditions, would be stronger financially if it were given the right to compete in all fields of insurance business. Therefore I again ask, what is it that causes some members of this Parliament to fight the proposal so fiercely? I will leave that question for the consideration of the members of this Chamber, and I hope it will also receive the consideration of members of the Legislative Council before they speak and vote upon the Bill. It can fairly be pointed out that members of Parliament, whether in the Legislative Assembly or the Legislative Council, are elected to protect and advance the interests of the public. The members of this House and of another place are not elected for the special purpose, or even for the general purpose, of safeguarding the specially privileged position occupied by private insurance companies, or any other private undertaking, for that matter. The history of other State-owned insurance

offices in the world has shown that the people insured, and the public generally, have benefited considerably because of the activities of the State-owned offices.

Hon. P. Collier: Queensland and New Zealand especially.

The MINISTER FOR EMPLOYMENT: There is no doubt that general insurance rates in Western Australia would be substantially reduced if our State Office were given power to conduct general insurance business. I think it was last session that the member for Avon explained to us that the farmers of this country had been grossly exploited for years because of the honourable understanding existing among controllers of private insurance companies regarding insurance rates.

Mr. Boyle: The Royal Commission of 1931 said that.

The MINISTER FOR EMPLOYMENT: I think the House would be pleased if the member for Avon would give us in detail the benefit of the knowledge he possesses upon this matter.

Mr. Thorn: You will find it in "Hansard."

Mr. Boyle: Would the State Insurance Office have joined the combine if it had the power, as the State Sawmills did?

Mr. Thorn: Of course it would.

The MINISTER FOR EMPLOYMENT: My reply to that question—and the member for Avon will realise that at this particular moment I can speak only for myself—is that I think the establishment of the State Insurance Office on the broad basis I have indicated would have the effect, not of causing the State Insurance Office to join the combine but probably of forcing the combine to join the State Insurance Office.

The Minister for Mines: They would have to come down in their premiums. That is the only way in which premiums have been reduced in other places.

The MINISTER FOR EMPLOYMENT: That is the position regarding the State Sawmills. The State Sawmills have not joined the timber combine. The timber combine has been forced by the competition provided by the State enterprise to bring their prices down to those charged by the State Sawmills. As a matter of fact, just recently the private timber companies proposed to make a substantial increase in the prices for different types of timber. I am sure that if they could have persuaded the management

of the State Sawmills to go in the direction it was desired they should go, the timber users in this State and the users of Western Australian timber outside the State would to-day be paying considerably more for their requirements.

Hon. P. Collier: The same thing applies to the North-West ships. The combine wanted our people to agree to increase charges but we would not agree and since then they have had to reduce their rates.

The MINISTER FOR EMPLOYMENT: I am sure that if the member for Avon goes into the particular phase of the question he has now raised, he will find that the tendency has been not for the State-owned trading concern to join a combine but for the combine to be forced to bring down its prices somewhere near the level if not to the actual level of the State-owned undertaking. I sincerely hope the member for Avon will speak upon the Bill and give us detailed information covering the intimate knowledge of this subject which he gathered during the period he occupied the position of president of the Wheatgrowers' Union.

Mr. Boyle: We brought the rates down.

The MINISTER FOR EMPLOYMENT: I believe the hon. member and his organisation at the time played a very important part in that regard. But the member for Avon and the members of the organisation with which he was associated only took the action they did take because they were convinced that the farmers in Western Australia were being grossly exploited by the insurance combines operating in Western Australia.

Mr. Boyle: We saved the wheatgrowers £30,000 a year.

Mr. Marshall: And now you can see that other industries will be saved even more if this measure is carried.

Mr. Boyle: I wish I could be sure of it.

The MINISTER FOR EMPLOYMENT: I am sure we are all delighted to know that action was taken which had the effect of saving the agriculturists of Western Australia £30,000 in respect of insurance business which they were compelled to transact. The very fact that the member for Avon and the organisation with which he was associated were able to do that proves conclusively the necessity for other sections of the community being granted protection from the

combine rates of insurance that they are now compelled to pay. Hence I suggest that the logical course for the member for Avon to follow—as well as for other members opposite who desire that the insuring public should be protected—is to assist in giving the State office the right and power to provide competition, in order that other sections shall not be exploited as they have been in the past. The State of Victoria, until recently, has always been regarded as the most Conservative State of Australia. During the last two years, I understand, it has possessed a very radical type of Government.

Mr. Boyle: Country Party.

The MINISTER FOR EMPLOYMENT: Yes. If the State Insurance Office of Victoria had been established during the last two years, no one would have been surprised. We could have said, "There was a progressive if not a Radical Country Party in power in Victoria, and members of the Government realised that the insuring public were entitled to protection, and, as a result, have established a State Insurance Office to provide healthy and necessary competition." However, the State Insurance Office in Victoria was established many years ago by one of the old type of Conservative Governments. Thus, in Victoria, as in America, Governments opposed to State-ownership and State-control, Governments strongly in favour of private industry and private enterprise, established State insurance offices. The office in Victoria was established as far back as 1914. As a result, a considerable reduction in the rates of insurance charged by private companies was soon effected. Although the premium rates were considerably reduced, not once but several times, the State office was able to distribute £116,000 in bonuses to its clients for the period ended the 30th June, 1935. In addition, a reserve fund of £96,000 was accumulated to that date. During the whole of its existence the Victorian State office has accumulated total profits amounting to £250,000. Therefore it will be clearly seen that a Conservative Government in Victoria, as far back as 1914, either recognised of its own volition, or was forced to recognise, by the power of public opinion that a State Insurance Office was necessary in that State. The history of the office in Victoria, as I have shown, has been entirely successful. State-owned offices have done more than force a reduction in the cost of

premiums. As I have already indicated, they have accumulated heavy reserves, and the taxpayers in those States and countries have not been taxed as heavily as would otherwise have been the case. For many years Queensland has enjoyed progressive Governments. A State Insurance Office was established in Queensland many years ago. Soon after its establishment premiums were reduced by 33½ per cent. Although that office has suffered severe losses in its workers' compensation departments, those losses have been more than balanced by the surpluses achieved in the fire, miscellaneous, ordinary accident and marine departments. In New Zealand the State office carries on its business in competition with more than 50 private companies. Since 1923 the New Zealand office has operated a system of paying rebates to policy-holders. During the past 14 years policy-holders have benefited to the extent of £350,000 under that heading alone. What would have happened had there been no State Insurance Office in New Zealand? Would the insuring public there have benefited to the extent I have just indicated? Of course not. Had there been no State office in New Zealand the insuring public would have paid the whole of that sum to the private companies. Further, with no State office operating in New Zealand, the private companies would not have encountered the competition they have had to meet, and without competition, it is safe to say that the rates that have been charged by the private companies in New Zealand during the period the State office has been in existence would have been very much higher. Thus, in addition to the State office benefiting its policy-holders to the extent of £350,000, it is certain that the insuring public of New Zealand have been saved a considerable sum by virtue of the fact that private insurance companies' premium rates have been reduced by the competition provided by the State office. It is estimated, and the estimate is said to be not an exaggerated one, that the insuring public and the taxpayers of New Zealand have been saved not less than £13,000,000 as a result of the operation of the State Insurance Office during the period of its existence. The published statistics dealing with the operations of insurance companies in Western Australia show that their administrative expenses account for between 35 and 40 per cent. of their premium income. Last year

the figure was 34.6 per cent. There are nearly 70 private insurance companies operating in this State. Because of that, it might be argued that there must be plenty of competition between the numerous companies for the business offering.

Hon. C. G. Latham: There is no competition at all.

Mr. Warner: They all charge the same premiums.

Hon. C. G. Latham: They all belong to the Underwriters' Association.

The MINISTER FOR EMPLOYMENT: I was about to suggest that.

Mr. Boyle: There is competition for business, but not in rates.

The MINISTER FOR EMPLOYMENT: I merely suggest that because 70 companies are operating here, some people might be inclined to argue that there would be plenty of healthy, vigorous competition in the matter of rates. As the Leader of the Opposition knows and has stated, there is in fact no competition at all in rates. This measure would provide healthy and vigorous competition in rates, and not merely competition as to which office would get the business at the uniform rate. That is the competition needed in Western Australia; it is the competition lacking under the arrangement into which the private insurance companies have entered regarding premium rates.

Hon. C. G. Latham: Why has not the State Insurance Office, this illegal office, done it during the last six years?

The MINISTER FOR EMPLOYMENT: The State Insurance Office was brought into existence for a certain purpose. It was illegally established, although its establishment was practically unavoidable at the time. So the office has continued to do the business for which it was established. We want its past operations validated, and we want its existence for the present and for the future to be legalised, and when it is established on a legal basis, we desire that its powers should be increased in order that it might provide competition in rates which the Leader of the Opposition so much desires, and which I am sure practically every member of the House desires. I propose to quote a table comparing the operations of

our State Insurance Office with those of private companies in this State. The figures

cover the years 1935-36 and include workers' compensation insurance, as follows:—

	1935.		1936.		Totals.	
	State Insurance Office.	Insurance Companies.	State Insurance Office.	Insurance Companies.	State Insurance Office.	Insurance Companies.
	£	£	£	£	£	£
Premiums received	174,419	153,494	242,996	159,203	417,415	312,697
Claims paid	148,033	136,689	173,022	133,854	321,055	270,543
Administrative expenses ...	3,148	57,049	3,796	55,062	6,944	112,111
Ratio of claims to premiums ...	85%	89.5%	71.2%	84.1%	78.1%	86.8%
Ratio of administrative expenses to premiums	1.8%	37.1%	1.6%	34.6%	1.7%	35.8%

Very strong comment could be made in connection with the position disclosed by that return. However, I feel that the figures themselves are sufficiently eloquent as to make it unnecessary for me to comment on the position. Another table shows the ratio of expenses to premiums in regard to insurance generally. The figures in this table refer, of course, to private insurance companies only.

Statement showing the operations of the insurance companies during the year 1935-36.

Insurance generally, including fire, marine, etc., but excluding life business.

	£
Premiums received	844,783
Claims paid	334,313
Ratio of claims to premiums ..	39.6%
Commission paid to agents ..	124,600
Other expenses	246,754
Ratio of expenses to premiums ..	44.0%

If the experience of our own State-owned office in its limited sphere of business and the experience of State-owned offices in other parts of the world be accepted as a guide to the result of general insurance business likely to be done in Western Australia by a State office, it must be admitted that our State office could operate on an expense ratio far lower than that operated upon by private companies. The fact that a State office would operate on an expense ratio far lower than that operated upon by private companies would make it possible for our State office to reduce very substantially the cost of general insurance to the public of Western Australia. It is along that path therefore that we will obtain that healthy and vigorous competition regarding premium rates which most of us

desire, and which is essential in the interests of the welfare of the insuring public and the general welfare of the people of the State as a whole. The main aim of a State insurance office is to provide insurance benefits at the lowest possible premium rate. On the other hand, the main objective of private companies is to make at least reasonable profits. With so many private companies in existence, it is inevitable that a large sum of money should be used by them in fighting each other for the comparatively small amount of business available and for the purpose of seeking to persuade people not wanting insurance to do business. No one can say with any justification that in a State like Western Australia with our small population that 70 insurance offices are required to provide insurance cover for the people of the State. There can be only one justification for 70 insurance offices operating in Western Australia and that justification would be that each of the 70 was competing fairly against the other. We know that that position does not exist; we know that all the 70 companies have their honourable understandings and their written agreements regarding the price that members of the public shall pay for insurance protection which they desire or which they need. In suggesting that private insurance companies fight each other for business, and thus use up a great deal of their policy holders' money, I do not suggest that the competition is of a type that benefits either policy holders or the public. The premium rates are practically the same with all companies; therefore, mem-

bers of the public have practically no choice in the matter. At the time the private companies in this State refused to write miners' phthisis insurance business, their representative stated—in fact I believe they issued an ultimatum—that they would be prepared to undertake the business only in the event of the payment of a premium amounting to £20 per cent. The Government of the day very wisely refused to be plundered in the manner suggested. A special committee was set up to investigate the whole matter and later that special committee recommended that £4 10s. per cent. would be a fair figure for that type of business.

Hon. C. G. Latham: It has been increased since.

The MINISTER FOR EMPLOYMENT: Therefore it is abundantly clear that the private companies on that occasion were out to make an altogether unfair margin of profit because of miners having to be insured under the Workers' Compensation Act. At that time £4 10s. was a reasonable figure, but the increase that has taken place since has not brought the amount to anything like the 20 per cent. demanded in the ultimatum issued by the private companies.

Mr. McDonald: Could you say what the figure is now?

The MINISTER FOR EMPLOYMENT: No, but I will undertake to provide the information for the hon. member to-morrow. In the figures I have already quoted it has been shown that the administration charges of the State office in respect to workers' compensation insurance have been slightly under two per cent. of the total premium income. The administration charges of private companies were more than 34 per cent. of the total premium income. So it will appear that the private companies were allowing for very heavy administration charges when they refused to write miners' phthisis business at a premium less than £20 per cent. It is admitted that the figure for the State office would be increased if certain charges having to be met by private insurance companies had also to be met by the State office; yet I do not think anyone would be so daring as to suggest that the figures for the State office would be increased beyond 10 per cent. The comparative figure would then be 10 per cent. for the State insurance office, and 37 per cent. for the private insurance companies. The legalisation of the

past transactions of the State Insurance Office will have to be validated sooner or later. In my opinion, if I may be permitted to say so, it is somewhat in the nature of a reflection on Parliament that this issue has not been faced frankly, and decided long before now.

Hon. C. G. Latham: It has been decided all right.

The MINISTER FOR EMPLOYMENT: I repeat it is something in the nature of a reflection on Parliament that the validation of past transactions of the State Insurance Office has not been faced before now. It may be, as the Leader of the Opposition has suggested, that the issue has been faced and decided. It may be said that Parliament has decided the issue by refusing more than once to validate the past transactions of the State Insurance Office. If that can be regarded as having faced the issue, then it is not a very satisfactory facing and it is not a final deciding of the issue. Sooner or later the past transactions of the office will have to be validated whatever else may be done in regard to the office.

Sitting suspended from 6.15 to 7.30 p.m.

The MINISTER FOR EMPLOYMENT: Just prior to the tea adjournment, I was discussing the point that the validation of the past activities of the State Insurance Office should be decisively faced. I propose now for a moment or two to deal with the proposal to legalise the State Office. Almost every member of this House will agree that the State Insurance Office should be legalised for the purpose of carrying on certain classes of insurance business, even though some may not agree that the office should have power to conduct every type of insurance business. Nor should any serious opposition be offered to the proposal to place the State Insurance Office in the position of being an office approved by the Minister for the purposes of Section 10 of the Workers' Compensation Act. Most members will be aware that there is no insurance office approved under the Workers' Compensation Act operating in Western Australia at present. The result is that the compulsory provisions of that Act cannot legally be enforced. Many employers are taking advantage of that position by failing to insure their workers against accident. The result is that the workers concerned are being denied the right

that Parliament decided to give them when the Workers' Compensation Act was passed. In the great majority of those instances, the employers who fail to insure their workmen against accident are not possessed of any substantial means.

Mr. Cross: They are men of straw.

The MINISTER FOR EMPLOYMENT: This unfortunate position exists in the gold-fields areas to a greater extent than in any other part of the State. In different gold-fields districts, employers take over shows of a more or less doubtful reputation, and employ workers for the purpose of endeavouring to develop them. When one of the workers employed by a man of that description is injured, he soon finds out that he has not been insured against accident. If he does not already know, he soon finds that his employer has no money worth mentioning. Consequently, the worker concerned has no means by which he can obtain that which Parliament intended he should have, and to which he is justly entitled.

Hon. C. G. Latham: We introduced a Bill along those lines, and Parliament refused to pass it.

The MINISTER FOR EMPLOYMENT: It is true that the Government of which the Leader of the Opposition was a member endeavoured to remedy the position. One section of Parliament agreed to the proposal; the other section rejected it. By some strange basis of reasoning, it was in consequence decided that Parliament as a whole rejected the proposal. Recently there has been some discussion regarding rates for the insurance of motor cars and motor car drivers. That question was brought into public prominence because the private insurance companies recently decreed fairly substantial increases in motor car insurance rates. The State Insurance Office provides a comprehensive cover for all Government-owned motor vehicles. I have here a table that enables a comparison to be made between the rates now charged by private companies and those charged by the State Insurance Office in respect of Government-owned motor vehicles. The figures regarding the private companies' rates are for the metropolitan area, whereas the figures for the State Insurance Office cover all vehicles owned by the State irrespective of whether they operate in the metropolitan area or in

other parts of the State. The comparative figures are as follows:—

Sum insured on vehicle.	Private Cars.		Rates charged by Government Fire, etc. Insurance Fund for comprehensive insurance of Departmental vehicles.
	Vehicles not under hire-purchase agreement.	£ s. d.	£ s. d.
£100 or less	...	9 7 6	£100 ... 8 5 0
£200	...	11 5 0	£200 ... 7 10 0
£300	...	13 0 0	£300 ... 8 15 0
£400	...	14 12 6	£400 ... 9 0 0
£500	...	15 0 0	£500 ... 9 10 0
£600	...	15 12 6	
£800	...	16 5 0	
£1,000	...	16 17 6	
£1,000	...	17 10 0	

The figures relating to the private companies give the rates for cars valued at from £600 to £1,000, but there are no similar figures for the State office. That is obviously because the State Insurance Office only deals with departmental cars, and cover is not required for more than £500.

Mr. Seward: There is a big difference in the risk.

The MINISTER FOR EMPLOYMENT: The insurance cover provided by the State Insurance Office is a comprehensive policy; I understand the figures I have given for the private insurance offices are not for a comprehensive cover, but for a lesser type. In any event, those figures show that even if the insurance provided by the private offices and the State Office are of the same type, the rates charged by the State Office are considerably lower than those levied by the private offices.

Mr. Seward: But the State Office handles a much better risk.

Mr. Stubbs: Is the State Office showing a profit?

The MINISTER FOR EMPLOYMENT: Yes, the State Insurance Office balances accounts at those rates. Moreover, the State Office has no intention of raising the rates beyond those at present offering. It will be seen that the State Office provides a comprehensive insurance cover at far lower rates than ordinary insurance is offered by private companies.

Mr. Stubbs: Yes, at 50 per cent. less.

The MINISTER FOR EMPLOYMENT: I think it would work out approximately at that percentage.

Mr. Thorn: But one set of rates are old and the other new.

The MINISTER FOR EMPLOYMENT: The State insurance rates are both old and new.

Mr. Thorn: Because the State rates have not been altered.

THE MINISTER FOR EMPLOYMENT: And there is no intention to alter them. I have given those figures to indicate that this, too, provides a field in which competition from the State Insurance Office would be beneficial to motor car owners and motor car drivers. It might be thought that the motor car owning section of the community is wealthy, well able to bear the financial burden imposed upon them, and well able to pay much higher rates for insurance cover. Although that may be the general opinion, I am sure that all members of the House who own and run motor cars will realise that owning and running a car is an extremely expensive business, the burden of which should not be increased by unduly heavy charges in respect of insurances that the careful motorist takes special care to obtain in order that he, his car and the third party risk shall be protected in case of accident.

Mr. Thorn: Does the State Insurance Office provide cover for private cars or for Government-owned cars only?

THE MINISTER FOR EMPLOYMENT: For Government-owned motor vehicles only. The modern tendency is for the State to move further and further into the field of insurance business. The duty to insure people against accident, sickness, death, unemployment and the like is coming more prominently to the front in almost every country of the world. Certain members of Parliament may vote against the proposal to give the State Insurance Office power to conduct that insurance business. Any such action may have the effect of postponing the granting of such powers to the State Insurance Office, but it cannot possibly have the effect of preventing those additional powers being granted some time in the future. The growth of public opinion in favour of the State entering into the field of insurance business will continue to grow. With the passing of time, it will become sufficiently powerful to make itself felt in both Houses of Parliament, and to establish the State in a position where the State Insurance Office will be able to cater for all the insurance requirements of the people. Usually all services likely to be of an unpayable nature are left by private enterprise to the State to shoulder. Whenever any service is required in the State which is not

likely to offer a prospective profit to private enterprise, such service is left for the State to operate.

Mr. Sampson: Is that why we have State hotels?

THE MINISTER FOR EMPLOYMENT: Each member of Parliament, including the member for Swan (Mr. Sampson), will realise that the unpayable undertakings are always left to the State to operate. Whenever a payable undertaking develops, the cry is always against the State having anything to do with it. The agitation in those circumstances is for the profitable undertaking to be left in the tender hands of private enterprise. When the State fails to make a profit out of the unpayable services, the State is frequently condemned as being lacking in business ability because those unpayable services cannot be carried on at a profit. The insurance field is one in which the State is legitimately entitled to enter, a field that offers every prospect of proving highly payable. The extra business which the passing of the Bill would enable the State Office to undertake would doubtless prove profitable to the taxpayers in general and to the insuring public of Western Australia in particular. Insurance is just as necessary for the welfare and safety of the people as are education, defence, maintenance of law and order, and the carrying on of other essential activities. Therefore I trust that the provisions of this measure will receive careful and favourable consideration at the hands of members of this Parliament. I move—

That the Bill be now read a second time.

On motion by Mr. McDonald, debate adjourned.

BILL—AIR NAVIGATION.

Second Reading.

THE MINISTER FOR WORKS (Hon. H. Millington—Mt. Hawthorn) [7.38] in moving the second reading said: The sole purpose of the Bill is to ensure that in regard to certain phases of air navigation the rules in this State shall be uniform with those operating in other States and in Commonwealth territories. These phases are: airworthiness of aircraft, licensing and competence of pilots, air traffic rules and regulation of aerodromes. Members will find copies of the regulations (Statutory

Rule No. 81) with the Bills now before them. The important thing in respect to those is the regulation which we have to ratify and authorise the Commonwealth Government to administer. The clauses in the Bill are very clear, but for the information of members it is my intention briefly to review the reasons for its introduction. It will be remembered that one of the questions submitted recently by the Federal Government to the citizens of Australia was whether they were prepared to hand over to the Federal Government the complete control of aviation. As the proposal was not passed by a majority of the people in a majority of the States it failed to give the Commonwealth Government the powers which were sought. This meant that the constitutional powers of the Commonwealth Government remained as they were. Members will know that, following the decision in the Goya Henry case, it was made clear that the Commonwealth Parliament had no express power to deal with aviation. It has power to deal with it by implication from various other powers that it possesses. For example, under its defence powers it controls military flying, and perhaps under circumstances of war it might be able to extend that control to an unknown extent.

Mr. Thorn: Of course it could.

The MINISTER FOR WORKS: Yes. It has power to deal with aviation as part of its powers with respect to trade and commerce with other countries, and among the States. It has complete powers in respect of its own territories, and, therefore, it can control flying in the Federal Capital Territory, in the Northern Territory, and so on. It also has power of unknown extent under the heading "External Affairs." Subject to these various matters, however, it is now definite that the States themselves retain their reserve of power; that is to say, they can pass laws with respect to intra-State flying. The States, within the limits of their territorial boundaries, can make laws in respect of interstate flying, but in those matters a State law would always run the risk of being invalidated by an inconsistent Commonwealth law. It will be seen, therefore, that the position was not entirely satisfactory, either to the Federal or to the State Governments, and that a division of power and authority on the broader issues was undesirable. For the purpose of discussing ways and means of avoiding unnecessary duplica-

tion, inconsistencies and friction, the Commonwealth Government convened a conference. The conference was held in Melbourne on the 16th April last, and was attended by—

Commonwealth:—The Rt. Hon. R. G. Menzies, K.C., M.P., Attorney General; Senator the Rt. Hon. Sir G. F. Pearce, K.C.V.O., Minister for External Affairs; The Hon. T. W. White, D.F.C., V.D., M.P., Minister for Trade and Customs.

New South Wales:—The Hon. H. E. Manning, K.C., M.L.C., Attorney General and Vice-President of the Executive Council; The Hon. L. O. Martin, M.L.A., Minister for Justice.

Victoria:—The Hon. A. L. Bussau, M.L.A., Minister for Transport, Attorney General and Solicitor General; The Hon. E. J. Hogan, M.L.A., Minister for Agriculture and Mines.

South Australia:—The Hon. Sir George Ritchie, K.C.M.G., M.L.C., Acting Premier and Chief Secretary; The Hon. S. W. Jeffries, LL.B., M.P., Attorney General, Minister for Industry and Employment, and Minister for Education.

Western Australia:—The Hon. M. F. Troy, M.L.A., Acting Premier and Minister for Lands; The Hon. H. Millington, M.L.A., Minister for Works and Water Supplies.

Tasmania:—The Hon. Dwyer Gray, M.H.A., Acting Premier and Treasurer; The Hon. T. G. deL. D'Alton, M.H.A., Attorney General. There were also present—

Mr. M. C. Boniwell, C.B.E., Acting Solicitor General, Commonwealth; Captain E. C. Johnston, D.F.C., Controller General of Civil Aviation; Mr. H. R. Henchman, Crown Solicitor, Queensland.

The Rt. Hon. the Attorney-General, Mr. Menzies, in opening the conference, stated that his Government were anxious to have uniformity, particularly in regard to the matters now included in the Bill before us. As one of the representatives of this State, I said that the Government of Western Australia were quite prepared to co-operate with the Commonwealth, and to give to the Commonwealth power to pass legislation dealing with the safety and design of machines, the examination of pilots and engineers, and the oversight of services, interstate as well as within the States, and to pass the necessary legislation to refer such powers to the Commonwealth, the whole idea being to get uniformity and to make aviation as safe as possible within the Commonwealth. I made it clear, however, that we desired to retain full control of commercial planes operating in Western Australia to the same extent as the powers we have over land transport. I explained that we were anxious to keep out of any field of legisla-

tion that would involve duplication, but that we must retain power in respect of the licensing of planes travelling over certain routes, so that we can protect the business of our railways. I stated that in order to ensure the highest possible degree of safety and to avoid anomalies and confusion, the Government of this State were quite prepared to co-operate with the other States and the Commonwealth in this subject. Reference was made by representatives of some of the other States to State-owned aircraft. This Bill creates no difficulty in that regard. The planes that at present engage in trade from Western Australia to the other States are licensed by our Transport Board as far as the Western Australian boundary, and we desire to retain that power. We wish such aeroplanes to have a license from the State Transport Board. There is a lot to be said for giving to the Commonwealth full responsibility in regard to the matters defined in the Bill. If they have the power, they must accept the responsibility. If the States retain the power, they will have to retain the responsibility. If the Commonwealth, which has at its command the services of highly qualified men, is given power to make these regulations, the time may arrive when we shall have a perfect set of regulations. Also it may be necessary on occasions to alter regulations quickly. This was pointed out by the chairman of the Civil Aviation Board at the conference. I did not want Western Australia to be involved in difficulties of that kind. On behalf of the Government, I expressed whole-hearted approval of the Commonwealth having charge of these regulations subject, of course, to the reservations I have mentioned. I consider that in that way duplication could be avoided. Inspectors could be appointed to deal with aviation for both Commonwealth and State purposes, as inspectors at present deal with agricultural matters for both authorities. Genuine co-operation will, undoubtedly, overcome many of the existing difficulties. Mr. Menzies used the phrase "complete control," but I made it clear that the Government were not prepared to give complete control to the Commonwealth, but were prepared to give control with the reservations I have mentioned. The subject was discussed very fully by all the representatives, and the following decisions were arrived at at the April conference:—

1. All Governments agreed that there ought to be uniform rules in relation to air

navigation and aircraft, and in particular in relation to the airworthiness of machines, the licensing and competence of pilots, air traffic rules, and the regulation of aerodromes.

2. Each State Government reserved the right (subject to the observance of the general rules referred to in paragraph 1) to make its own laws with respect to transport regulations, and also reserved its rights (subject to the observance of the general rules referred to in paragraph 1) to establish State-owned air services.

3. Each State Government agreed that it would submit to Parliament a law relating to air navigation and aircraft, enacting that the Commonwealth rules in force from time to time on the matters referred to in paragraph 1 shall be extended to apply to air navigation and aircraft within the jurisdiction of the State; but nothing in any such State law shall affect the reservations specified in paragraph 2.

4. It was agreed by all Governments that, before the laws referred to in paragraph 3 were submitted to the State Parliaments, a committee, representing the Commonwealth and the States, should sit to review the existing regulations.

5. Each State agreed to appoint promptly its representative on the committee mentioned in paragraph 4.

6. All States agreed that the proposed State laws should provide that the administration of those laws should be vested in the Commonwealth.

7. It was agreed that the Commonwealth should draft the Bill proposed to be passed by the States and send copies of the draft to the States for comment.

8. It was agreed that the date of meeting of the committee mentioned in paragraph 4 should be the 20th May next, and that it should sit in Melbourne.

The conference again assembled on the 20th May and the regulations and draft Bill were discussed. Many points arising out of the regulations were debated, but finally all representatives expressed themselves satisfied with the explanations of the expert officers who were present in an advisory capacity. The regulations are based on those adopted by an International Conference of Air Navigation experts and embodied in a convention signed in Paris on the 13th October, 1919, and which have been adopted by a majority of the principal nations. In regard to the draft Bill submitted by the Federal Government, a number of queries were raised, and it was decided to refer the draft to a drafting sub-committee comprising representatives of the Federal Government and each State. Our Crown Solicitor, Mr. A. A. Wolff, K.C., represented this State. The drafting committee met on the day following the

conference and drafted the Bill as we have it to-day. Upon studying the Bill hon. members will appreciate that the States have retained absolute freedom of action. Should the regulations at any time be made repugnant to the State, it will be open to Parliament to repeal the Act, the Bill for which is now under discussion and which simply delegates certain specific authority to the Federal Government. Dealing with this aspect the Rt. Hon. Mr. Menzies stated—

Where power is referred by the State Parliament to the Commonwealth, it may very well be that the power once referred cannot be taken away. I know there are differences of opinion among lawyers on that, but one view fairly widely held is that once the power is referred, it is referred permanently. In the suggestion I have made to you the States would not be referring to the Commonwealth a power to make regulations in relation to intra-State flying. They would be merely saying that whatever the Commonwealth rules on this matter are at any given time, they shall also apply so far as the matter lies within the jurisdiction of the States. Then any change in the Commonwealth law will automatically operate all over Australia; but if a proposal were thought by a State to be dangerous that State would be able to amend its law. It would not have permanently surrendered its power to deal with the matter. It would merely have said—"For the sake of uniformity we shall provide this general rule that the Commonwealth regulations in relation to flying shall apply, not only to the matters within the jurisdiction of the Commonwealth but also to the matters within the jurisdiction of the State." That arrangement, so far as I can ascertain, is, in substance, one that has been adopted in the United States of America, and it secures complete uniformity in the safety rules and requirements of aviation throughout the country.

This, in brief, is the history of what has led up to the need for the Bill.

Mr. Stubbs: Who controls the present legislation on aviation in this State?

The MINISTER FOR WORKS: Until now we have been working under the Commonwealth regulations. The Federal Government discovered, prior to the last referendum, that their powers were limited. Members will recollect the Goya-Henry case to which I have referred. I have here an extract taken from the "West Australian" of Friday last—

Goya Henry, commercial air pilot and central figure of the Federal referendum on aviation powers, has settled his actions in the High Court to recover £8,000 from the Com-

monwealth of Australia and the Minister for Defence (Sir Archdale Parkhill). It was announced to-day that Mr. Henry would accept £500 which, with the pleas denying liability was paid into the High Court by the Crown. The necessary order for the taking out of court of £500 and the discontinuance of the actions is now being prepared.

In the first action, which was originally by writ in October, 1934, Mr. Henry alleged that he had been illegally deprived of his air pilot's license. He relied on the decision of the High Court in the case in which he afterwards successfully challenged the authority of the Commonwealth to control aviation at large. In the second action it was claimed by Mr. Henry that he was illegally excluded from Mascot aerodrome, and that he had been wrongfully arrested. The writ in this action was issued in August, 1936. Mr. Henry will get the costs of the action up to the time of the payment by the Crown.

When the case was tested in the courts it was discovered that the Commonwealth Government, despite their implied powers, had not sufficient power to enable them to control aviation throughout Australia. They, therefore, referred the question to the people by means of a referendum. In that case the Commonwealth Government proposed to take complete power over aviation. The Premier of this State pointed out at the time that if they assumed complete power, they would have power over air transport in Western Australia. We desired to retain that power which we have already taken under the Transport Co-ordination Act. We, therefore, opposed the granting to the Commonwealth of complete power. We recognised that certain powers had to be assumed by the Commonwealth Government in order that uniform regulations might operate throughout Australia. Obviously, in this instance, we could not have different regulations operating in different States. We are to a large extent isolated, but in the other States there are already difficulties in respect to land transport between States. In any case, it is desirable that uniform regulations should exist. I have already referred to the convention that took place in 1919. We have had the advantage in Australia of the experts of other countries where air navigation is far advanced compared with that in Australia. The conference proves that whereas the people of the States objected to the Commonwealth Government taking complete power, and refused to give them that complete power, it has been possible by mutual co-operation to give to the Commonwealth all the powers they require and all they desire. These powers were freely

given by negotiation between the States and the Commonwealth. I have never attended a conference where such an amicable feeling existed. The Commonwealth Government when negotiating to get something out of one are entirely different in their attitude from that which they adopt when one is trying to get something out of them.

Hon. C. G. Latham: You told us a different tale in connection with the Federal aid roads agreement.

The MINISTER FOR WORKS: What I had in mind was the difficulty we have had in impressing upon the Commonwealth Government our financial needs. The Bill if passed will give to the Commonwealth Government all authority over aviation affecting air navigation and safety measures, but we reserve to ourselves the control of all transport matters within the State. Each State has a right to delegate these powers to the Commonwealth, which will thus have complete control in all matters referred to in the Bill. There should be no constitutional difficulty so far as we as a sovereign State are concerned. It is desirable that the Commonwealth should be given these powers.

Hon. C. G. Latham: But the people refused to give them.

The Minister for Mines: They did not refuse to give these powers.

The MINISTER FOR WORKS: They refused to give the Commonwealth the rights and powers that we have retained in this Bill. We desire to protect our own transport interests. We still retain the right to do that, and have handed to the Commonwealth the powers they require. New South Wales has very closely scrutinised the regulations. I am sure every member will follow the example set by that State.

Mr. Patrick: They are an advantage to the State from a financial point of view.

Hon. C. G. Latham: I hope you have read them.

The MINISTER FOR WORKS: I do not pose as an expert on regulations. New South Wales, Queensland and Tasmania take a great interest in aviation, and questioned the Commonwealth regulations at the time. A conference of experts was then agreed to. There being no expert advisers from Western Australia I thought I would attend and see what danger existed in the regulations of the Commonwealth. I listened to the arguments. The chairman of the Civil Aviation Board, Captain Johnston, was questioned by the New South Wales ex-

perts. In every instance he showed he had an intimate knowledge of the regulations and knew the reasons for their existence. He also explained that in many instances they represented international functions agreed to at the conference to which I have referred. He also showed a willingness to comply with the suggestions advanced by the representatives of the States. The consequence is that we now have a consolidated record of all the regulations referring to aviation. I point out, also, to those who may say we are giving away rights, that in this case we have delegated certain rights under a Bill if it is passed by this Parliament, and that what we can do we can undo. If at any time the Commonwealth went further than we desired, or if it were considered that regulations against the interests of Western Australia were promulgated, we would have the right to repeal the Act giving the Commonwealth such authority. That is an entirely different position from the one which would arise if the Commonwealth were merely imposing the regulations. Here the State gives the right and the State calls the tune. In that fact lies our safety. I wish that many other matters affecting the States and the Commonwealth had the same spirit of sweet reasonableness. By the Bill we delegate to the Commonwealth certain powers; but we retain the right to say how the powers are to be used, and what advantage may be taken of them. In this case we are perfectly safe, because we are the legislative authority. The Commonwealth will have merely a certain power delegated to it, and that power can at any time be resumed by the State. I believe that the arrangement proposed will be satisfactory to the Commonwealth. We have an assurance to that effect. Certainly the arrangement is satisfactory to all the contracting States. The Bill is to be placed before the Parliaments of all the six States. When they have agreed to it, the position will be that each State has given the Commonwealth the same powers as it is here proposed that Western Australia shall give, in regard to the matters mentioned. Constitutional and legal difficulties which have existed in the past, and which have faced the Commonwealth, will be overcome. The Commonwealth will have the right to regulate in a proper manner air navigation throughout Australia. It is not to be expected that these regulations represent the last word. The Commonwealth authorities recognise that it will be necessary from time to time to alter

the regulations, and on occasion to alter them quickly to meet situations that may arise. However, it is the general opinion that we have adopted the best means of dealing with this new problem of aviation. Air navigation is a matter of only a few decades, and the regulation of this important means of travel is still an international problem. I gathered the impression that the Commonwealth Civil Navigation Board know their business and I formed a high opinion, in particular, of Captain Johnston, the chairman of the board. That gentleman possesses the necessary technical knowledge, and as chairman he has shown considerable diplomatic gifts, which are also required in the control of civil aerial navigation throughout Australia. The proposed regulations are appended to the Bill. I move—

That the Bill be now read a second time.

On motion by Hon. C. G. Latham debate adjourned.

BILL—MAIN ROADS ACT AMENDMENT ACT, 1932, AMENDMENT.

Second Reading.

THE MINISTER FOR WORKS (Hon. H. Millington—Mt. Hawthorn) [8.24] in moving the second reading said: I have been dealing with the navigation of the air. Now I want to descend to this mundane sphere and deal with an amendment of main roads legislation, which is of even greater importance to Western Australia. The present Bill proposes to amend Subsection 1 of Section 2 of the Main Roads Act Amendment Act, 1932, and to bring the State Act into line with the Federal Aid Roads Act, 1936, and the Federal Aid Roads (New Agreement Authorisation) Act Amendment Act, 1937. It will be remembered that the original Federal aid roads agreement of 1926 had a currency of ten years, and provided for the distribution of £2,000,000 per annum to the States on the basis of three-fifths population and two-fifths area, the amount payable to this State being £384,000. The agreement also provided that the States would expend from their own funds an amount equivalent to 15s. for every £1 provided by the Commonwealth, this State's contribution amounting to £288,000 per annum. Difficulties of finance, when the depression developed in 1930, placed the

States in an awkward position with regard to meeting their contributions under the agreement. An amended agreement was entered into with the Commonwealth as from the 1st July, 1931. This agreement provided that contribution from the Commonwealth should remain on the basis of three-fifths population and two-fifths area, but that the amount distributed to the States should be that accruing from a tax of 2½d. per gallon on petrol imported into Australia, and 1½d. per gallon excise duty. The amended agreement had a currency of 5½ years, and ended on the 31st December, 1936. Towards the close of the last session of this Parliament a further amendment of the agreement was ratified, extending its life to the 30th June, 1937. The House has recently ratified a further agreement for a period of ten years, increasing the 2½d. per gallon to 3d., and the 1½d. per gallon to 2d. This agreement operated from the 1st July of this year. Hon. members will recall that the original Main Roads Act required local authorities to contribute towards the cost of construction and reconstruction of main roads in proportion to the benefits received by those authorities, and to the extent, collectively, of one-half of the expenditure thereon. The basis of apportionment of expenditure was subsequently varied, and ultimately the obligation of local authorities was entirely lifted. It was considered that this relief from obligation could extend only over the period during which the State was receiving funds from the Commonwealth under the then existing Federal aid roads agreement. Hence the necessity to limit to that period by the insertion of the words "and no longer" in the original subsection. However, now that the agreement is being extended for a further ten years, the relief should be extended to cover the currency of the new agreement, and also the six-months extension, to the 30th June, 1937, of the old agreement. This is what is sought to be done by the Bill now before the House. It is quite a simple matter, and necessary in order that the local authorities shall be relieved of liability.

Hon. C. G. Latham: And the State authorities too.

THE MINISTER FOR WORKS: It has been said that the activities of the Main Roads Board do not come closely before

Parliament. They do not appear on the Annual Estimates. The Federal Government pay through the Treasury to the Main Roads Board, now the Main Roads Commissioners, the sum of money agreed upon, and that money is expended by the Commission subject to the approval of the Minister; but in the main that large fund, which has reached over half a million pounds and will be at least £100,000 more during the current financial year, is administered by the Commissioners. This is an appropriate time to give a brief survey of the operations of the Main Roads Act during the period of ten years over which the Act and agreement have extended. I think it will be interesting to hon. members, and certainly it will be worth while, to place on record just what has been done with the money and the advance that has taken place during the period that a main roads policy has been applied in Western Australia. I have pointed out that the operation of the Main Roads Act commenced in 1926. It will be within the knowledge of honourable members that prior to that date the State had no defined road policy. With few exceptions, all roads, including main roads, were under the jurisdiction and control of local authorities. Their local funds were augmented from time to time by contributions from the Treasury, but this was not possible to the extent necessary to keep pace with increased and changing traffic. The inevitable result was that by 1926 things had reached a very low ebb, and our main roads generally were almost untraversable. I am speaking now of the time prior to the advent of the Main Roads Board. Memory need not be long to recall the condition of the Armadale road 10 or 12 years ago. It was then practically an earth road, worn down or blown away until the formation was in places a foot below the natural surface of the ground. The formation in winter time was a series of potholes into which vehicles bumped and splashed and knocked themselves and their drivers about. The same can be said of the Bunbury road generally, but particularly in the vicinity of Fairbridge Farm and Coolup. Country road bridges have also been neglected for want of funds, and it became a struggle to keep the roads open in the winter time. Just at this time, when we had reached the very limit of our resources, the Federal Aid Roads Agreement was adventitiously evolved and came into

operation, and the Main Roads Board simultaneously came into being. Since that time and up to the end of last financial year we have received from the Commonwealth £4,500,000, which amount has been supplemented by State loan funds to the extent of £2,500,000. In addition to this, £160,000 has been received from traffic fees for the maintenance of roads specified in the Traffic Act, and £215,000 from the Metropolitan Traffic Trust for the construction of roads in the metropolitan area. The advent of the Federal Aid Roads Agreement has been of incalculable benefit to the State, since it has made possible the enormous development generally that has taken place, and the excellent position in which we find ourselves today in the matter of road facilities to cope with that development. The early history of the Main Roads Board constituted under the Act was stormy and troublous, but it is gratifying to-day that the State has a department giving general satisfaction to the State in building up a road system which is everywhere eulogistically spoken of, even by visitors from the Eastern States and abroad. At the present time the road between Perth and Bunbury is hard-surfaced all the way. I have heard that the distance has been traversed in 2¼ hours for the 116 miles. Five hours would have been fast time ten years ago.

Mr. Boyle: No wonder people are getting killed on it.

The MINISTER FOR WORKS: I am speaking of the possibilities of the road. I am not excusing the high speeds. Some 60 miles of the Albany road is surfaced, and another 60 miles is in preparation for surfacing. The distance of 256 miles has been covered in under five hours. The road between Perth and Merredin has been surfaced for 115 miles, and the Geraldton road for 93 miles. Whilst I refer to the time taken to cover distances on our main roads, I do so only to illustrate their efficient condition, strongly deprecating at the same time the use, or rather the abuse, of those roads by speedsters. The policy of stage construction adopted by the department in its earlier years, its singling out for preferential treatment the worst sections of each road, and those carrying the densest traffic, has been a wise one, and one which has commended itself to the local authorities and the public generally. Using the roads with modern high speed vehicles, as the great majority

of us do, the special attention that has been given by the department to improve alignment is very noteworthy. Under the conditions enforced by the Commonwealth in the earlier years, gradient was the absorbing characteristic on a main road. It is generally conceded to-day that a sharp pinch is no obstacle to a motor vehicle. What counts is easy alignment by the introduction of flat curves—where curves are necessary—and good visibility. These are features which are prominent in the improved conditions of our main roads. In this regard I need only recall the relative past and present conditions of the road between Midland Junction and Northam, Bindoon Hill on the Geraldton road, and the Albany road, to bring out this point. Again, the elimination of railway crossings has been given well-considered attention. The bridge at Clackline, spanning two railways and a water course, cannot but be regarded as a masterpiece. The deviation of the road between Chidlow and Wooroloo accomplished the elimination of three dangerous railway crossings, and the subway near Sawyer's Valley eliminated another. With regard to the bridges on main roads throughout the State it may be said that they have been practically rebuilt, as was imperative in view of their condition. In this regard our roads are now safe. A new bridge over the Canning River is in course of construction, and investigations are being made preliminary to the reconstruction of the North Fremantle bridge.

Hon. C. G. Latham: But that is not out of the grant.

The MINISTER FOR WORKS: How do you know?

Hon. C. G. Latham: I am asking you.

The MINISTER FOR WORKS: Stirling Highway is under construction at the rate of progress consistent with financial resources of the traffic fund from which expenditure is met. This much-needed and belated improvement of the capital's main highway is much appreciated by the public. I propose to place on record just what has been done in respect of declared main roads. This is a very vexed question. I am going to mention what has been done during 10 years. The Main Roads Commissioner has taken the responsibility of declaring these main roads for construction and maintenance. Once a road has been declared a main road it is entirely the responsibility of the Main Roads Department. Up-to-date some 2,973

miles of our roads have been declared as main roads. They consist of—

	miles.
Perth-Albany	252
Midland Junction-Merredin ..	147
Midland Junction-Meekatharra ..	467
Armada-Brookton	71
Albany-Denmark	32
Bunbury-Busselton-Yallingup ..	52
Bunbury-Collie-Wagin	103
Busselton-Nannup	36
Chidlow-York	29
Coolgardie-Esperance	230
Clackline-Piawaning	73
Fremantle-Mandurah-Pinjarra ..	47
Fremantle-Armadale	18
Williams-Narrogin-Kondinin ..	103
Northam-York-Cranbrook	224
Northam-Goomalling-Mullewa ..	242
Newtown-Augusta	54
Wagin-Lake Grace	73
York-Bruce Rock-Merredin	128
Armada-Pemberton	195
Moora-Geraldton	212
Donnybrook-Boyup Brook-Kojonup	100
Geraldton-Mullewa	60
Kalgoorlie-Coolgardie	25

Expenditure on these has been close on £3,500,000. Hon. members will know from the representations that are frequently being made by them on behalf of their districts of the insistent demand existing for extension of these declarations. It is well to point out that under the Act being administered by the Commissioner an obligation is cast upon him to be assured, before making further recommendations, that he has the financial resources at his command to take care of any such extensions. Declaration involves not only construction, but maintenance for all time and this should clearly be understood. Members will appreciate, therefore, the hesitancy or caution practised by the Commissioner in taking an additional liability in this regard. In a conversation I had with him recently, however, he pointed out that with the advance of the hard-surfacing of our roads, which work is being constantly pushed on, maintenance costs are constantly being reduced. He is able to see in this the liberation of funds now absorbed by maintenance, and their utilisation on the extension of the declared main road system. Up-to-date some 600 miles of the main roads have been hard-surfaced. In addition to the main roads under the Commissioner's control there are 6,569 miles of developmental roads on which close on £2,000,000 has been expended. In the earlier years of the organisation an amount of £2,000 was allotted for expenditure in each local authority's dis-

trict. However, with the curtailment of available funds, suffered as a result of the depression, this allocation was suspended, and a process involved whereby assistance was given to local authorities in proportion to their respective needs, controlled naturally by the administration's financial ability. Generally speaking, however, in addition to other assistance given to local authorities, responsibility has been assumed by the central administration for the necessary reinstatement of defective bridges throughout the State. As a matter of fact the benefits received by local authorities for works within their district, exclusive of North-West allocations, have never been less than £50,000 in any one year. Such a survey as I am now attempting would not be complete without reference to the work that has been accomplished in the North-West. This part of the State has always been a troublesome one from a developmental point of view because of its vast area and distances and small population. Expenditure on the general construction of its roads has, therefore, been impossible. Fortunately, however, the country is of such a nature as to produce good natural roads. The great trouble has been the crossing of the wide, sandy rivers and water courses that abound throughout the area, and concentration on improvement of such crossings has been a feature of the administration. During the period under review substantial bridges have been built over the Murchison River near Billablong at a cost of £8,743; over the Gascoyne, near Carnarvon, £18,615; over the Ashburton, near Onslow, £16,957; over the Fortescue near Roy Hill, £6,783; and over the Wooramel, south of Carnarvon, £1,431. In addition to these, a low-level bridge has been constructed across the Fitzroy River, some 250 miles from Derby, at a cost of £8,354. Early motorists will remember the difficulties that confronted travellers in making this crossing. The Commissioner states that his early crossings were made with the aid of a string of about 20 natives hauling on a rope made fast to his car. Not only were the crossings difficult to negotiate because of heavy going through sand, but when the streams were in flood, traffic was completely held up. A low-level crossing is now contemplated over the Fitzroy River at Yeeda, and a bridge across the Minilya, north of Carnarvon.

Mr. Rodoreda: The country is so boggy now that you cannot get to those bridges.

The MINISTER FOR WORKS: I have always kept clear of the North-West during the rainy season. In addition to the crossings mentioned, several others have been treated by the construction of concreted wheel-ways, which have proved a veritable boon to travellers in the North-West. Further, considerable assistance has been given to the local authorities for the improvement of their roads generally. In all, the North-West has received the advantage of the expenditure of close on a quarter of a million pounds throughout the period. I think I have covered the ground sufficiently in outlining the ramifications of the department's activities. I think, too, that we have behind us a public that appreciates the improvements effected and the method of their execution. At the same time, I am afraid we are not always mindful of the saving in time and money that the expenditure has brought about. In regard to the saving of time, this is real and outstanding, but do we realise, as compared with old conditions, what the road improvements mean in the life of our vehicles and the cost of running? I am afraid not. The Commissioner recently told me that, on a trip to the South-West over a hard-surfaced road all the way, he did 300 miles at a consumption of just on 20 miles to the gallon. The following week he traversed practically a similar length of the Albany-road, mostly gravel, with the same car, at a consumption of 17½ miles to the gallon. Those figures are very significant. The saving is apart altogether from the reduced upkeep bill for repairs. Complaints are frequently voiced on account of the high tariff on petrol and the relatively small proportion that is returned to the States. In this State there should be no complaint because, notwithstanding the fact that motorists are mulcted in a tax of 7¼d. per gallon, so advantageous is the agreement with the Commonwealth that we receive back actually more than we pay out. Apart from this, too, the savings effected, such as I have indicated, by the judicious expenditure of the moneys received, more than compensate road users for the tax levied upon them, and quite take the sting out of the tax. I have purposely taken the opportunity to place on record our activities in relation to main roads during the last ten years. I remember that in its early history the Main Roads Board was

the most unpopular department in the State. The local authorities complained of its expensive methods, and we were assured that the money could have been much more effectively and economically expended by the local authorities.

Mr. Patrick: They have learnt a lot since then.

The MINISTER FOR WORKS: With the advance of time and the realisation that there are only two classes of road of any use to modern motor traffic, the natural road or a complete hard-surfaced road, the local authorities have come to appreciate our work. Our main road policy involved the adoption of a perfect foundation for main roads; otherwise good surfacing would have been ineffective. The Commissioner and his engineers have made a special study of the matter and I am satisfied that they now have the confidence of all the local authorities. Wherever I go I find that the Commissioner of Main Roads is the most popular man in the State with the local authorities. I sometimes wonder whether the people realise what a revolution has taken place through the speeding up of transport. If time is money, it means that the advent of the main roads scheme has livened up traffic and enabled it to move at an incredible speed as compared with the speed in old days. We can congratulate ourselves on having evolved a scheme that meant more to this State than to any other State, because of the great distances in Western Australia. Some people may be under the impression that a lot of money is being expended, but when we appreciate the system introduced into roadmaking here, we shall realise that surfaced roads are being provided for our main routes that will eliminate the high cost of maintenance, and attention can then be given, as so many members have advocated, to the extension of the list of roads declared to be main roads. This measure is the authorisation for the setting up of the board and the necessary machinery for the continuance of the Main Roads Act. I move—

That the Bill be now read a second time.

On motion by Mr. Doney, debate adjourned.

House adjourned at 8.53 p.m.

Legislative Council,

Wednesday, 25th August, 1937.

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DEPUTY PRESIDENT—ELECTION OF HON. J. CORNELL.

The ACTING CLERK (Mr. L. L. Leake): It is my duty to announce that the President is absent from Perth on public business. It is necessary therefore for members to elect one of their number to fill the office, perform the duties, and exercise the authority of the President during such absence.

THE CHIEF SECRETARY (Hon. W. H. Kitson) [4.31]: I move—

That Hon. J. Cornell be elected to fill the office, perform the duties, and exercise the authority of the President during the absence of the President, Sir John Kirwan.

Question put and passed.

[The Deputy President took the Chair.]

BILLS (2)—FIRST READING.

- 1, Factories and Shops Act Amendment.
- 2, Industrial Arbitration Act Amendment.

Introduced by the Chief Secretary.

MOTION—STATE TRANSPORT CO-ORDINATION ACT.

To Disallow Amendment to Regulations.

HON. A. THOMSON (South-East) [4.35]: I move—

That the amendment to the Regulations made under the State Transport Co-ordination Act, 1933, as published in the "Government Gazette" on 18th June, 1937, and laid on the Table of the House on 10th August, 1937, be and is hereby disallowed.

I have gone carefully into these regulations. At first glance there appears to be very little difference between them and the old regulations. I find, however, on a close analysis that they seek to give greater authority to