

Legislative Assembly.

Thursday, 9th September, 1937.

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

QUESTION—GEORGE ELLIOTT'S AGREEMENT.

Miss HOLMAN asked the Minister for Employment: 1, Did George Lewis Elliott sign an agreement dealing with his sustenance rate and other matters on his appointment as caretaker of an abandoned farm? 2, What are the terms of the agreement? 3, Where is this agreement? 4, Will he produce any agreement signed by G. L. Elliott?

The MINISTER FOR EMPLOYMENT replied: The department has no record of the agreement. The form of agreement usually entered into by the department with caretakers of Agricultural Bank properties is as follows:—

Agreement.

I....., of....., agree:—

1. To occupy house recently vacated by.....and to remain in occupation of the said premises at the will of the Managing Trustee of the Agricultural Bank or his officer and to vacate the property when called upon to do so.
2. To take care of the house, stock, plant, chattels and all improvements contained on Loc..... situated.....
3. I also agree to carry out further improvements on the property to the value of my sustenance, viz.,.....

QUESTION—BUSH FIRES ACT.

Mr. WATTS asked the Minister for Lands: 1, Does he propose to introduce an

amendment to the Bush Fires Act to provide for local bush fire brigades? 2, If so, will the amendment be introduced in this session?

The MINISTER FOR LANDS replied: 1, The matter is under consideration. 2, It is hoped to introduce a Bill to amend the Bush Fires Act this session.

QUESTION—WATER SUPPLIES, GREAT SOUTHERN.

Mr. WATTS asked the Minister for Water Supplies: Will he make a statement to the House detailing the progress of the investigations that have been made up to date in the question of a hydraulic survey of possible water supplies for the Great Southern and districts east of it?

The MINISTER FOR WATER SUPPLIES replied: The investigations have not advanced sufficiently to permit of a statement being made.

QUESTION—RURAL RELIEF.

Rates of Payments.

Mr. SEWARD asked the Minister for Lands: In view of the fact, as reported in the "West Australian" of 8th September, that it took £604,625 of rural relief funds to recondition £667,000 worth of debt in Victoria, as against £433,000 to recondition £1,448,172 of debt in Western Australia, will he obtain for the information of the House the basis of settlement of debts in Victoria, and the reason for the higher rate of payments to creditors in that State?

The MINISTER FOR LANDS replied: No details of payments in Victoria are available, and it can only be assumed that the comparatively high rate of distributions is in respect of heavy mortgage debts in Victoria.

BILL—WORKERS' COMPENSATION ACT AMENDMENT.

Third Reading.

Read a third time, and transmitted to the Council.

BILL—FAIR RENTS.*In Committee.*

Resumed from the previous day, Mr. Sleeman in the Chair, the Minister for Justice in charge of the Bill.

Clause 8—Basis of determination of fair rent:

Mr. McDONALD: This clause proposes that a landlord shall be allowed by way of fair rent a rate of not less than $1\frac{1}{2}$ per cent. above the rate of interest which is for the time being charged upon overdrafts by the Commonwealth Bank of Australia. In addition, he is allowed to charge in his rent certain disbursements which are set out in the clause. Before dealing with the amendment I have on the Notice Paper, I should like to say I gather from the terms of the clause that the intention is that the fair rent the landlord can receive is $6\frac{1}{2}$ per cent. on his money. The Bill is termed a Fair Rents Bill, and that means, of course, fair rent to the tenant and to the landlord also. It is necessary that the Committee should bear in mind that the fairness should operate on both sides, particularly when we remember that a small house is not the best form of investment for a landlord. The small house gives a return that is likely to be reduced considerably by a great variety of payments that fall upon the landlord. First of all, he has "empties," as they are called. Then many tenants are unable to pay, and when they go out they are owing perhaps quite a number of pounds by way of rent, which is not recoverable. Then the cost of repairs in this class of house is a very heavy item. This clause has been inserted with the object of arriving at a fair rent that will be fair, not only to the tenant, but also to the landlord. The clause lays down a basis upon which the magistrate has to arrive at the fair rent. In New Zealand they have a Fair Rents Act. I was surprised when there to find that very high rents are paid for quite small houses in New Zealand, particularly since the greater number of those houses are wooden houses. The rent payable there is much higher than the rent paid here. But in their Fair Rents Act the New Zealand Parliament did not direct the magistrate as to how he shall determine the fair rent; they did not lay down a basis such as we have here. In New Zealand, more latitude is given to the magistrate to deal with individual cases. On the other hand, in our Bill there is something in the nature of a

principle laid down which will enable magistrates to work on a uniform basis. So I am not going to challenge the idea of directing a magistrate as to a basis for determining fair rent; I am referring to the New Zealand Act only to show that the difficulties of finding out what is a fair rent in each case were apparently thought by the New Zealand Legislature to be so great that they did not attempt to lay down a basis for the magistrate, but left him to exercise his discretion at large. We therefore approach this Clause 8 with the knowledge that we are endeavouring to do something which is not at all easy. In the first place, I ask the Committee to look at the main part of the clause, which is that the rate of rent shall be $1\frac{1}{2}$ per cent. above the ruling rate of overdrafts charged by the Commonwealth Bank. When the Minister for Justice was speaking, I asked him by interjection what that ruling rate was, and he told me he thought it was 5 per cent. I have not yet found out exactly what the rate is, and possibly there might be some difficulty in finding out. The ruling rate for a Commonwealth Bank overdraft on first-class city property, where the Bank advances 50 per cent. of the value, may be only 4 per cent.

Hon C. G. Latham: It is certainly lower than the Associated Banks charge.

Mr. McDONALD: No doubt it is. Even on city properties where the advance is large in proportion to the capital value, the rate would be considerably higher, for the rate is based on the amount advanced in proportion to the capital value. And even that rate would vary in accordance with the capital value of the property. The ruling rate on the wheatbelt or for a house at Guildford might be very different.

The Minister for Justice: They usually have a building rate.

Mr. McDONALD: When any bank makes an advance it is governed by the value of the security. I am not satisfied that in fixing our fair rent on the basis of the ruling rate for overdrafts at the Commonwealth Bank, we are adopting a principle that will work out well in practice. It may lead to unfairness in a number of cases. The amendments I propose to move are designed to carry out the principles of the Bill, that the fair rent shall give a net return of $6\frac{1}{2}$ per cent. to the landlord. Landlords are not like mortgagees. They have a security which may depreciate in value from a variety of causes. The locality may lose favour, and the land

itself may go down in value. On the other hand, of course, land may appreciate in value. The landlord takes the risk of depreciation or appreciation. The Bill intends that he shall receive a net return of $6\frac{1}{2}$ per cent., plus outgoings. As the clause is drafted, it seems to me he will not receive a return of $6\frac{1}{2}$ per cent., and that will be contrary to the principles of the Bill. The first of the outgoings which are to be included in the rent is said to be the annual rates on the property. I propose to move for the inclusion of the word "taxes." The Bill will apply not only to houses worth 17s. 6d. a week but to houses worth £3 a week. It will therefore apply to houses built upon land of considerable value. Taxes are as much a disbursement to be met by the landlord as are ordinary rates. I move an amendment—

That after "rates" in paragraph (a) of Subclause 2 the words "and taxes" be inserted.

Mr. MARSHALL: It is difficult to satisfy the hon. member. His amendment would inflict a penalty upon the very person he seeks to protect. I am inclined to move that the stipulation governing the minimum rate should be abolished. The clause as it stands protects the landlord. It prevents the magistrate from going below a certain minimum. Many landlords and landowners have been able to obtain a very greatly enhanced price for the land they have held for a number of years. That enhanced price has not come about as the result of anything they have done, but has been mainly due to public expenditure. Some land develops a monopoly value, which the owner has done nothing to bring about.

Mr. Doust: The owner pays the taxes.

Mr. MARSHALL: They amount to an infinitesimal sum compared with the value of the land. People should not be permitted to hold land out of use when it is required by the general community.

Mr. McDonald: All these people have houses on their land.

Mr. MARSHALL: A house erected on a certain block may bring in only 17s. 6d. a week, but the land itself may be worth £500 or £600. The owner is merely waiting until the land goes up still higher in value to dispose of it at a big profit. I oppose the amendment.

Mr. McLARTY: I support the amendment. Taxes should be taken into consideration. It is not a remunerative business to

own houses. The clause will not help tenants very much. Why take only the Commonwealth Bank rate on overdrafts, when hundreds of landlords have borrowed money from the Associated Banks.

Mr. Cross: Any amount of money can be borrowed from trustee companies at $5\frac{1}{2}$ per cent. interest.

Mr. McLARTY: It does not make any difference. The whole method outlined of fixing the rent return is unsound. Under the Bill rents will rise during periods of depression, and surely that is not desirable. The clause under discussion will tend to create irritation between landlord and tenant and is likely to lead to a shortage of houses. In my opinion, taxes should be taken into consideration in fixing the rent.

Mr. SHEARN: I can claim to know something of the process attaching to the various ramifications of this subject. Viewing the Bill broadly, I think it is fair and I disagree with the contention that much harm will result from it. The member for Murchison was somewhat astray in his references to the amendment. From the remarks of the Minister, his intention could easily be taken to mean that taxes were to be included as well as rates. Each year taxation is allowed as a deduction by the Taxation Department when assessing the income tax payable. Obviously small houses will be most affected by the Bill, and the amount involved in the proposal will not be large. I support the amendment.

The MINISTER FOR JUSTICE: The member for West Perth has misread the clause. He said that the landlord would be allowed only $11\frac{1}{2}$ per cent. above the Commonwealth Bank overdraft rate, whereas the Bill specifically sets out that not less than that percentage may be allowed. All the hon. member succeeded in demonstrating during his remarks was the fairness of the clause as between landlord and tenant. The onus is on the court to establish what is a fair rental. When we discuss questions affecting property rights, it is curious how the poor widow is always dragged into it. It is wonderful how the rich investor can always hide himself for protection behind the skirts of the poor widow.

Mr. Thorn: And we hear a lot about the poor workman as well.

The MINISTER FOR JUSTICE: Not all landlords seek to make the most they can on their investments in order to secure

a return on their capital outlay. Naturally all people are not dishonest. Legislation to prevent stealing is not necessary except for those who steal. The New Zealand legislation includes some restrictive provisions in that it applies to rents existing at a specified time. It is not harmful to provide directions for magistrates, and that is all the clause amounts to. I do not propose to accept the amendment. The word "taxes" was purposely omitted. The charges included are definitely those that relate to property so far as they affect the collection of income that may be derived from property. Taxes, as defined in the Bill, refer to the tax on land or that on income derived from the land. As the amendment stands, it means that the tenant will have to pay the landlord's income tax.

Mr. McDonald: I referred to land tax.

The MINISTER FOR JUSTICE: I am dealing with the amendment as it stands.

Mr. Watts: It could only refer to the tax on the property, and that could not be income tax.

The MINISTER FOR JUSTICE: Then the member for West Perth desires the tenant to pay the land tax?

Mr. McDonald: Yes.

The MINISTER FOR JUSTICE: I am not prepared to agree to that proposition. The tax imposed on land is levied as a contribution towards the cost of government and in recognition of the protection afforded the rights of the property holder. The landlord is entitled to pay that.

Mr. McDonald: Of course, the amendment refers to land tax and the land tax is imposed as a payment towards the cost of government, just as municipal rates are levied as a contribution towards the cost of local government.

The Minister for Justice: They are to pay for the amenities that are provided.

Mr. McDonald: That amounts to the same thing. Water rates are levied to meet the cost of bringing water from the source to where the householder desires to make use of it. There is no possible distinction between rates and taxes, because both are levied on account of services enjoyed by the general community. The New Zealand legislation does not attempt to lay down the basis set out in the Bill under discussion. I am not quarrelling with the basis in the Bill. In New Zealand, however, the provision regarding fair rents applies only to houses

built at the time the Act was passed. The Bill goes further than that and applies to houses that may be built subsequently. I did not mention anything about poor widows in my remarks, but I do know something about people who own houses. I assure the Minister that not all the people who own houses and require the rents from them, are rich. Under the provisions of the financial emergency legislation, magistrates who were given the task of dealing with this phase found that was so, and the surprising fact emerged that, in very many instances, the landlord was in a much worse position than the tenant who occupied his house. As the Minister stated, the principle set out is that the magistrate, in fixing a fair rental, shall allow not less than $1\frac{1}{2}$ per cent. above the Commonwealth Bank overdraft rate. He may have regard to the Bill as a guiding factor, and the percentage that he will pay attention to is that referred to in the Bill of $1\frac{1}{2}$ per cent., not three per cent. or six per cent. above the Commonwealth Bank rate. Then he is told he may allow the landlord to include certain specific outgoings, for instance, rates. Taxes amount exactly to the same thing. But a magistrate, while allowing for rates in fixing a fair rent, is likely to say that he cannot allow for taxes, because if Parliament had meant him to do so there would have been provisions for it in the Act. If the Minister's argument is correct, why not leave out depreciation, rents, insurance, repairs, because it might be said that the magistrate could add these to the $1\frac{1}{2}$ per cent. All that we leave out in the Bill, the magistrate will leave out. A rate paid to a municipality or a water board and a rate paid to the Government, and called a land tax, are exactly the same, and if municipal and water rates are included in the Bill, land tax should also be included. I agree that the wording of the amendment is not quite correct, and I should like to alter it to read "and State land tax."

The CHAIRMAN: The hon. member had better withdraw the amendment and substitute another.

Mr. McDonald: Very well. With the permission of the Committee I will withdraw the amendment.

Amendment, by leave, withdrawn.

Mr. McDonald: I move an amendment—

That after "rates" in line 7 of paragraph (a) of Subclause 2 of Clause 8, the words "and State land tax" be added.

The MINISTER FOR JUSTICE: The member for West Perth is not quite right in saying that the New Zealand Act does not permit the Court to deal with houses that are built subsequent to the passing of that Act. Under the Act a basic rent is established. Section 5 states that in that Section the expression "the basic rent" means—

(a) With reference to a dwelling-house let as such on the first day of May, 1936, the rent payable as on that date.

(b) With reference to a dwelling-house that was not let as such on the first day of May, 1936, the rent that was last payable before that date or, in the case of a dwelling-house that was first let as such after the first day of May, 1936, and before the passing of this Act, the rent that was first payable in respect of such dwelling-house.

Section 7 sets out the considerations to be taken into account in fixing the fair rent of any dwelling house. It is not necessary to go into that at this juncture.

Mr. McDonald: Read the definition of "dwelling house."

The MINISTER FOR JUSTICE: This is the definition—

Any house or any part of a house let as a separate dwelling where the tenancy does not include any land other than the site of the dwelling-house and a garden or other premises in connection therewith; and includes any furniture that may be let therewith; but does not include (a) any premises let at a rent that includes payments in respect of board or attendance; or (b) any premises used by the tenant exclusively or principally for business purposes; or (c) any premises forming part of a building originally erected for the purpose of being let as two or more separate flats or apartments.

It is set out that—

Nothing in this Act shall apply with respect to any dwelling-house (a) that is let for the first time as a dwelling-house at any time after the passing of this Act; or (b) that has not been let as a dwelling-house at any time since the 27th November, 1935, and before the passing of this Act.

The house has first to be let in order to establish a basic rent, because under Section 7 it is stated—

(1) On the hearing of any application to fix the fair rent of any dwelling-house to which this Act applies, the magistrate shall have regard to the relative circumstances of the landlord and the tenant—

That goes further than our Bill—

—and after taking such circumstances and all other relevant matters into consideration shall, subject to any regulations that may be made for the purpose of this Act, fix as the

fair rent such rent as in his opinion it would be fair and equitable for the tenant to pay.

(2) Subject to any regulations as aforesaid, the fair rent fixed as aforesaid shall not exceed the basic rent.

So that the basic rent has to be established in some way before the Act applies. Therefore a house has to be let first. Subsequently, the rent at which the house is let becomes a basic rent when an application is made to the court for the fixing of a fair rent. However, that has not much to do with this particular amendment which aims to insert in Clause 8 amongst the charges to be taken into consideration when fixing a fair rent, the State land tax. But the State Land Tax Act itself provides that the tax must not be passed on.

Hon. C. G. Latham: I do not quite follow that.

The MINISTER FOR JUSTICE: I did not want to weary members, but I will read Section 73 of the Land and Income Tax Assessment Act. Apart from that, however, I do not admit the argument of the member for West Perth that rates charged by a municipality are in the same category as the land tax imposed by the Government. Here is Section 73 to which I refer—

Every contract, agreement, or understanding, whether arrived at or evidenced by matter of record under seal or by writing or by parol, having or purporting to have or which might have the effect of removing, qualifying, or altering the operation of any land or income assessment, return, exemption, or deduction, or of in any way affecting the incidence of any land or income assessment or tax, or displacing the benefit of any exemption or deduction, authorised by or consequent upon any provision of this Act, shall (whether such contractor, agreement, or understanding shall have been or be made before or after the passing of this Act) be wholly void and inoperative so far as such contract, agreement, or understanding purports or is intended to have or might have the effect aforesaid, but without prejudice to the validity of such contract, agreement, or understanding in any other respect or for any other purpose.

That is included to prevent the passing on of the land tax under any contract, agreement or understanding, and this Bill has the same idea. Consequently the word "tax" is left out. The amendment is an attempt, as I have pointed out, to get the tenant to pay tax on the land that is the property of the landlord and which is protected by the Government to whom the tax

imposed on such land has to be paid. I oppose the amendment.

Hon. C. G. LATHAM: I do not agree with the Minister. He says that the landowner, by virtue of his paying a land tax, receives certain benefits. But so does the occupier of the house get special benefits—the benefits of police and other protection provided out of the taxes. The landlord gets no more benefits than the occupier. When the Minister introduced the Bill I told him I would support it; but I am going to ask the Minister to be reasonable. All that has been done is that in fixing the rent not less than $1\frac{1}{2}$ per cent. above the Commonwealth Bank rate has been allowed and certain other things have been taken into consideration. But $1\frac{1}{2}$ per cent. above the bank rate is a small return for money invested in houses. I am anxious that this Bill shall not have the effect of preventing people from building houses, which is what will happen unless we are careful. It is not an attractive proposition to have money invested in houses in this city and so the Minister might be reasonable. It is no use bringing in a Bill and declaring it to be letter-perfect. The Minister should be more considerate of the point of view of this side of the House. In the fixing of a rent the matter to which Mr. McDonald has referred should be given consideration. Investment in houses is not an attractive proposition. If hon. members think there is a great deal of money available from the Commonwealth Bank for investment along these lines let me assure them there is not. There is a limited amount of money available for that purpose.

Mr. Marshall: What do you know about it?

Hon. C. G. LATHAM: I am a farmer and I have occasion to know. I do not think I am called upon to bring my personal business before the House but I assure members—that if they were to go to the Commonwealth Bank to borrow money for house-building they would not have a very hearty reception.

Mr. Tonkin: After the elections things will be normal.

Hon. C. G. LATHAM: The Lord alone knows what will happen if there is a change of Government; but I rely on the common sense of the people. I ask the Minister to be reasonable and agree to this and one or

two other small amendments. This legislation is experimental in this State and we should be reasonable about it. It can easily be amended if it proves that either the landlord or the tenant is not getting a fair deal under it.

The MINISTER FOR MINES: Personally I do not know what all the argument is about. If the amendment be carried, what is it going to mean to the landlord letting dwelling houses? I have a residential block in a good substantial locality in the Perth municipality. It is unimproved and so it carries a land tax of 2d. in the pound. If there were a house on it, the rate would be only 1d. in the pound. So in that locality under the amendment there would be a difference to the landlord of 5s. 10d. a year. It is a reasonably sized block with a 75ft. frontage and is valued at £70. The rate on it is 11s. 8d. and presumably if there were a house on it the rate would be reduced to 5s. 10d. However, there is a principle at stake in this amendment and so I will stick to the Bill as it is. Really the amendment means nothing to the landlord.

Hon. N. KEENAN: The Minister says he opposes the amendment because of the principle contained therein. What appears to me to be desirable to bring into existence is that a landlord shall receive a fair net income from his property and no more. That necessarily means that we must take into account everything he has to pay out. So we take his disbursements into account and then say that he shall have a fair net return. The Leader of the Opposition made it clear that this amendment is not passing on the land tax.

Mr. Cross: It would make the tenant pay the land tax.

The Minister for Mines: Would not the landlord add the land tax to the rent?

Hon. N. KEENAN: Some landlords have to pay high rates. Their disbursements will have to be taken into account in the fixing of the rent. The rent received must be sufficient to pay the disbursements and leave a net sum which shall be reasonable interest on the landlord's money. That is what the Bill means.

The Minister for Mines: Yes, but not to include land tax.

The MINISTER FOR JUSTICE: Someone has suggested that an allowance should be made of the amount paid in taxation in the previous year. When a person has his money invested in a house and he gets a fair rent and a certain net income, he has to send

the net income into the Taxation Department and pay income tax on it. But this proposal says that the tenant has to pay that tax.

Hon. C. G. Latham: It does not. Of course you do not want the Bill. You never did want it, and you know you don't want it.

The MINISTER FOR JUSTICE: The money involved in the compilation of the rent is not worth quibbling about. What does it amount to? It does not cover, say, those houses up in Colin-street, if they bring more than £156 a year. I would not mind paying that for some of them—that is if I could afford it. If I owned one of them, I would not think I was getting a reasonable return on the cost of it if I did not get £3 a week.

Mrs. Cardell-Oliver: You would be disappointed.

The MINISTER FOR JUSTICE: I do not think so; I should imagine that that amount would be required to keep the gardens in order. What I am concerned about is the principle involved. This matter was discussed when the Land and Income Tax Assessment Bill was before us, and rightly determined, and I intend to stick to the principle on this occasion.

Hon. C. G. LATHAM: There is no more principle involved in including taxes than in allowing consideration for painting, maintenance, etc. I doubt whether the Minister really wants the Bill. There are places not far from Parliament House let for less than £3 a week, and the value of the land is £1,500 or £1,600 per block. If the Minister took that into consideration, the amount would be about £6. I regret that the Minister is not amenable to reason. It would be better for him to accept these amendments than have them made in another place, thus necessitating a repetition of the argument here. For the sake of adding as an outgoing the amount spent in land tax, he is prepared to wreck the Bill. I am afraid that this measure will lead people to seek other investments for their money than building houses to let, and the only alternative will be for the Government to provide money for building homes. The letting of houses is not a profitable investment. I wish to see homes provided for which the worker can afford to pay. There is plenty of room in the suburb mentioned by the Minister for Mines for the building of homes, but the passing of this measure will discourage building. An investment of this kind, to be

at all profitable, should return 10 per cent., but very few houses are returning that much to-day.

Mr. TONKIN: I hope the amendment will not be accepted. The desire of the Opposition is to have taxes taken into account so that the landlord may charge a higher rent and thereby make the tenant pay the land tax. If taxes were not taken into account, the amount of rent chargeable would be less. I agree with the Minister that a principle is at stake. I am opposed to the tenant being made to pay the taxes, and if that is not the object of the amendment, why seek to have taxes included?

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

Ayes	18
Noes	23

Majority against 5

AYES.

Mr. Brockman	Mr. North
Mrs. Cardell-Oliver	Mr. Sampson
Mr. Doust	Mr. Seward
Mr. Ferguson	Mr. Shearn
Mr. Hill	Mr. Stubbs
Mr. Latham	Mr. Thorn
Mr. Mann	Mr. Watts
Mr. McDonald	Mr. Welsh
Mr. McLarty	Mr. Doney

(Teller.)

NOES.

Mr. Coverley	Mr. Nulsen
Mr. Fox	Mr. Raphael
Mr. Hawke	Mr. Rodoreda
Mr. Hegney	Mr. F. C. L. Smith
Miss Holman	Mr. Styants
Mr. Hughes	Mr. Tonkin
Mr. Johnson	Mr. Troy
Mr. Lambert	Mr. Willcock
Mr. Marshall	Mr. Wilson
Mr. Millington	Mr. Wise
Mr. Munale	Mr. Cross
Mr. Needham	

(Teller.)

Amendment thus negated.

Mr. McDONALD: I move an amendment—

That in paragraph (d) all the words after "dwelling-house," be struck out.

The reason for this amendment is that by the Bill the magistrate can take into account that amount of depreciation which is affected by the letting value. If there is no depreciation which is reflected in the letting value, he does not take it into account. A house for the first ten years will command substantially the same rental each year, but after that it starts to depreciate in its capital value. When it is 50 or 60 years old, it is usually pulled down, either because it is obsolete or because it is old and ramshackle. Thus, a house which cost £500

originally has disappeared at the end of the period. If the landlord is not to lose the capital he put into the house he must obtain throughout the period from his rentals such a sum as, when set aside every year, will be equal at least to the capital value of the dwelling at the time it is pulled down. There are very few dwelling houses in this State that are 50 or 60 years old. In order to provide a sinking fund to meet the value of the house at the time it was pulled down, a certain amount of each year's rent must be set aside. The landlord must collect that money from the time the house was first built. During the last ten or 15 years of the life of the house there is no longer a sufficient margin left in the rent to enable him to recoup himself for the annual proportion of the necessary money required for the new structure. The magistrate should be in a position to allow a certain amount of depreciation on the house each year.

THE MINISTER FOR JUSTICE: The member for West Perth visualises a rent which takes into consideration depreciation on a property apart from such depreciation as reduces the letting value. Thus he describes conditions applying to a house when the time comes for it to be pulled down. By that time, according to the amendment, the house would have been paid for, because the rent would have been fixed on the basis not only of depreciation diminishing letting value but of all depreciation. The house is wholly depreciated when it comes to be pulled down, but the whole of the depreciation has been paid for in the rent. Moreover, when the house is pulled down there is a residual value in respect of bricks, timber, and mortar contained in it, and the fence surrounding the land on which the house is built, and in respect of the land itself. The landlord gets a rake-off to the extent of the residual value of the property.

Mr. McDonald: That would not be the case.

The MINISTER FOR JUSTICE: That appears to me to be the case. There are two kinds of depreciation. One is caused by nature but does not affect the letting value to any extent. Another is caused by use of the property, such as wallpaper getting dirty, plaster getting chipped, and so forth. Then there is the natural depreciation in, say, the glass of which the widows are made. But that does not depreciate the letting value of the house for a number of years.

Ten years is the estimate of the member for West Perth. I do not know that the number of years a house has been up determines its letting value. In comparatively new properties deterioration is to be observed—say, after the place has been up 12 months. Many of the older houses are better built.

Mr. TONKIN: The proposal of the member for West Perth is astonishing. He not only wants the tenant to pay for the privilege of living in the house for the time being, but also wants him to pay to the landlord the cost of building a new house when the first house becomes uninhabitable. I hope the Minister will not accept the amendment.

Mr. McDONALD: The member for North-East Fremantle has not a grasp of what happens in world affairs to-day in the way of business. A man has £1,000, puts it in Government bonds, gets his yearly interest, and after 20 or 30 years gets back his £1,000. That is an investment. Another man lends £1,000 on mortgage on a house, and at the end of, say, 10 years gets the £1,000 back. Another man with £1,000 spends £100 on a block of land and £900 on building a house upon that block. After a certain time, owing to depreciation, he may have nothing left but the land, the house having become obsolete. He should get such a sum above the ordinary rate of interest as will enable him to put by a sinking fund to recoup the value of the house when it becomes obsolete. That aspect should be taken into account by the magistrate in fixing the fair rent of the house. If a man has £1,000 and buys a property, spending £100 on the land and £900 on the house, at the end of a certain period the house deteriorates so that it has to be replaced, and then the man loses his £900. In those circumstances, he must expect to secure from his tenant sufficient during the period of occupancy to recoup himself for the loss of £900. The landlord has an investment and he must secure a return that will repay him for his capital outlay, other wise he would be merely throwing his money away.

Mr. North: There would otherwise be no inducement to invest.

Mr. McDONALD: Of course not. I do not attempt to lay down any formula, but leave that to the magistrate to determine what he considers to be fair.

Mr. TONKIN: The member for West Perth complains that I have no knowledge of the principle of depreciation and replace-

ment. He did not deny the suggestion I made that he desired the tenant to pay for a new house for the landlord, but sought to justify his contention by stating that in other walks of life the same procedure was adopted. I recognise that consumers not only pay for the articles they consume, but for new machinery for the man who produces those articles. I admit the position, but I do not say it is right. The member for West Perth did not deny that he wanted the tenant to pay for the new house.

Mr. McDonald: To replace the house after it has served its usefulness during the tenancy.

Mr. TONKIN: Why should the tenant replace the house for the landlord merely because it has deteriorated? The tenant pays a fair return to the landlord, a much higher return than is procurable in respect of many other investments. Take the position regarding mining.

Hon. C. G. Latham: Surely that is not an investment!

Mr. TONKIN: Some consider it is, and do very well at it. Should a man invest in mining shares, he expects to secure a larger return than he would receive on a much safer security.

Hon. C. G. Latham: Surely that is a gamble, not an investment!

Mr. TONKIN: If the investment is made in a thoroughly proved and sound mine, which has obviously a certain life, the investor secures dividends that are necessarily higher than he would get from a safer form of investment. All his return is not income, although many people would regard it as such. If an individual were to secure a return of 20 per cent. from his mining investment, he would be foolish if he treated all that as income. He should regard some as the return of his capital and make provision for a total loss in, say, ten or fifteen years time. That is not the position regarding houses. Last night the member for East Perth made use of the expression, "safe as a house." That term is quite correct. In North Fremantle there are houses that were built 80 years ago, and to-day the landlord is still receiving 15s. or 16s. a week as rent for those properties, just as he has over the past 30 years.

Mr. McDonald: What about the condemned houses that you referred to?

Mr. TONKIN: Some have been demolished, while others have been reconditioned by the landlords who have consequently

secured higher rentals for the properties. There is a wealthy man in my district who invests practically all his money in house property. He owns practically half of East Fremantle, but still goes on building houses and letting them. He is well satisfied with the return he gets. He fixes his rental and usually gets it, although one of his houses may remain empty for upwards of six weeks on end. The member for West Perth asks for something that is not fair in that he desires the landlord to have it both ways. He wants to make it possible for the landlord to set up a replacement fund from the rent he receives so that, in due course, the latter may be able to build a new house without any cost to himself. That is neither fair nor reasonable.

Hon. C. G. LATHAM: A little while ago I said the Bill would not confer any benefit upon anyone. I understand there is a shortage of bricklayers and plasterers. If the Bill be agreed to, more bricklayers and plasterers will be available.

Sitting suspended from 6.15 to 7.30 p.m.

Hon. C. G. LATHAM: One thing the Bill will do, and that is to throw a number of people out of employment, and I do not know anyone who desires that. The member for North-East Fremantle said that what was expected was that people using houses should provide new homes for landowners, but the member for West Perth set out the position clearly. He pointed out that people invest their money generally either in Commonwealth securities or place it in the bank. It is lying idle in the bank, but they draw their interest and subsequently the principal. People who invest in houses, if this Bill is carried as the Minister desires, will not be so fortunate. A rent will be fixed at a rate of $1\frac{1}{2}$ per cent. above the bank rate of interest but no provision will be made for the period during which houses are empty. Consequently, by the time a man's house has served its usefulness, the whole of his capital will have gone. In such circumstances, it is not likely that there will be much house building, and if building ceases in this State many people besides those engaged in the trade will be thrown out of employment. During the early days of office of the present Ministry, they thought that if building could be stimulated it would lead to increased prosperity. That was the idea that actuated them when they built those two notorious homes along the City Beach road. Now

apparently we have reached the stage of prosperity in which it is no longer necessary to put up buildings. It is extraordinary that the Government should bring in this class of legislation, which is not going to reduce rents; rather will it reduce the number of homes available and force rents up, in spite of what the Minister or anyone else might say. People will negotiate to get homes of some sort, and they will be in greater difficulties than they are in now. The Minister appears to be prepared to lose his Bill because he will not agree to our amendments. We are willing to give the Bill a trial, but he is trying to antagonise us and drive away our support. Next session, which will be his last, he will be a lot more reasonable than he is to-night.

THE MINISTER FOR JUSTICE: The Leader of the Opposition says that in trying to get this Bill through I am unreasonable. It is he who is unreasonable. This is the third occasion on which he has made a second reading speech on the Bill.

THE CHAIRMAN: Order! That is a reflection on the Chair.

THE MINISTER FOR JUSTICE: He has gone over all the ground that he covered at the second reading.

Hon. C. G. Latham: Are you going to allow that reflection on you, Mr. Chairman?

THE CHAIRMAN: The hon. member must not reflect on the Chair. There can be only one Chairman in the House.

THE MINISTER FOR JUSTICE: If I obey the Standing Orders, I have to discuss the amendment before the Chair. What has that amendment to do with builders and plasterers and their employment? It is a question of what forms of depreciation exist in connection with a house, whether we should include an allowance for depreciation generally, or whether we should define depreciation. When a Bill of this kind is being drafted, one of the first things considered is allowance to be made for depreciation, and, after adequate consideration has been given to the question, it has to be decided whether a proviso is made that such depreciation shall be taken into account if it affects the letting value. It has to be decided whether depreciation by itself is appropriate or whether it should be defined. We have decided that in this case depreciation should be defined, and I have given the reasons why. I trust the amendment will not be agreed to.

Mr. DOUST: I do not altogether follow the Minister's remarks on this paragraph. Let us take it for granted that interest at

6½ per cent. is a fair rate for those people who desire to build homes. It is somewhat higher than the rate which would be obtained from most Governmental securities, or gilt-edged securities, but it must be remembered that there are times when it is found difficult to let houses. It is therefore only natural that house-builders should look for a higher rate of interest than, say, 4 or 5 per cent. Then those people who intend to build on the goldfields must be considered. I have been under the impression—possibly a mistaken one—that the guaranteed life of a house on the goldfields is not as long as that of houses in other parts, not because they are ill-built but because of local conditions. Again, the letting value of a house may be reduced by a fall in the price of gold. The Minister says that depreciation can be allowed after the letting value of the house has diminished. But suppose the letting value on the goldfields diminishes because of a fall in the price of gold, how is it possible for the owner of a house there to get a rental that will secure for him a return of his capital? Very few people are prepared to invest their money in houses unless there is a prospect of getting a return of capital within a reasonable time. No one desires to invest capital knowing perfectly well that he will not get that capital returned. Consequently it would have been far better had a rate of interest been definitely fixed, and then depreciation allowed according to the locality in which houses are built, whether in the metropolitan area, in country districts or on the goldfields. An ordinary dwelling house could reasonably be expected to last 40 or 50 years, and a well-built brick dwelling to last 70 or 80 years without any diminution in the letting value of the house. It may be that the magistrate adjudicating on the question will take an entirely different view from that of the Minister in charge of the Bill. He may come to the conclusion that a house on the goldfields will not be lettable for a number of years, and he may in those circumstances increase the interest he allows the owner of the property, so as to secure a reasonable return of his capital. I am perfectly certain that under our present orthodox system no one is going to build homes without a definite anticipation of the return of his capital. It may be claimed that there will be an increase in the value of the land on which the home is built. That, of course, could only

occur in thickly populated districts. I disagree with members on this side of the House when they say that the Bill will not confer considerable advantage upon the tenants, but I do think it is necessary to look to the future and try to determine whether under this legislation people will be prepared to build houses, particularly on the goldfields. It would be wise for the Minister to allow a definite rate of depreciation according to the locality in which any given dwelling stands. On the goldfields such a depreciation, to be fair, might amount to 8 per cent. or 10 per cent.

Mr. MARSHALL: I agree with a lot of the arguments advanced, but I do think the mover of the amendment himself put forward the best reason why his amendment should not be carried. He pictured a new house having been built, and he suggested that for 10 or 12 years with reasonable tenants there would be no depreciation at all on that building. Then he went on to say that after a period of years depreciation would become evident. I agree with that. If the amendment be carried, it will mean that every well-built home ought to maintain itself for a much longer period than 10 years. But under the amendment depreciation will be charged on that home while it is still carrying its full rental value. The hon. member cannot have it both ways; he cannot compare the depreciation on a well-built house with that on a motor car, whose value is cut in halves the first time the wheels go round. If he holds that depreciation on a house should be charged only after lengthy wear and tear, surely he would prefer to leave the clause as printed. As I say, he cannot have it both ways.

Mrs. Cardell-Oliver: The depreciation would depend largely on the tenant.

Mr. MARSHALL: That sort of depreciation is already provided for in the clause. It may safely be said that a home is poorly built if it will not last 15 years before showing signs of natural depreciation. Yet if the amendment be carried, depreciation will start from the moment the home is let for the first time. All that the clause as printed does, is to allow for depreciation to be charged into the rent when the home has reached that stage where its natural depreciation has begun. As an amount is allowed for repairs and maintenance, we would be wise to retain the paragraph as printed.

Mr. RODOREDA: Much argument has taken place over a relatively unimportant matter. If the amendment were passed, depreciation would be charged annually. A house costing £600 would normally have a life of 60 years, and that would involve £10 a year.

Mr. McDonald: Less than that.

Mr. RODOREDA: Put it at £10. When the rent was computed, the £10 would be added to the capital value and the tenant would be asked to pay 6½ per cent. on the total. Thus we have had all this fuss on a question of the landlord receiving an extra 6d. a week rent. In addition to being allowed depreciation on a diminishing asset, the landlord would be allowed depreciation on the capital value of the whole property, including the land, and the land would be an increasing asset. The court could exceed the rate of interest mentioned in the clause.

Hon. C. G. Latham: The court would stick to the 1½ per cent.

Mr. RODOREDA: The member for Murchison is confusing fair wear and tear with an annual depreciation account. Depreciation has to be worked out on an annual basis extending over the life of the property. Whether it depreciates in the first 10 or 12 years is beside the question. On his argument, as the house grew older, the rent would increase.

Mr. FOX: A £600 house would represent £39 a year; rates and taxes would amount to £13 and the rental value would be about £1 a week. The tenant would pay for the house in about 20 years, and after that the landlord would have the rental for about another 40 years. Workers' homes built at Fremantle 30 years ago are to-day as good as new. A worker could buy a home on terms and after 20 years it would belong to him, but he could pay rent for 40 or 50 years and, at the end of the period, have nothing. The conditions of the clause are fair.

Amendment put and negatived.

Mr. McDONALD: I move an amendment—

That the following paragraph be added:—“(e) The amount of the estimated annual loss due to vacant possession and to failure of tenants to pay their rent.”

This would be a fair allowance for a certain class of house. Some houses would hold their tenants from year to year and

the magistrate would need to make no allowance under this heading. But there are houses in certain localities bringing 12s. 6d. or 15s. a week, and it is quite a common experience for such houses to be occupied for only part of the year and for losses of rent to be sustained through tenants falling into arrears and leaving without paying. Such losses should be taken into consideration by the magistrate upon the landlord showing that he was likely to have that experience.

The MINISTER FOR JUSTICE: I cannot accept the amendment. This is not a charge against the rent, although it is a charge which does fall upon some landlords. It is a fair business risk.

Hon. C. G. Latham: A very unfair one.

The MINISTER FOR JUSTICE: The income of a person who has invested his money in property for renting purposes should be subject to the same conditions as in the case of a person who has invested his money in a business for trade. If the amendment were carried it would lead to different conditions being created in the case of different houses in the same street.

Mr. McDonald: That could possibly arise.

The MINISTER FOR JUSTICE: The amendment is unreasonable and impracticable.

Hon. C. G. Latham: Is there anything you will agree to?

The MINISTER FOR JUSTICE: The Bill has been so well thought out that there is no room for disagreement concerning the principles in it. We could not ask the court to make an allowance for persons who did not pay their rent.

Mrs. CARDELL-OLIVER: There are some 6,000 relief workers. Many of these cannot and do not pay their rent. People are constantly asking me to help them in the matter or to induce someone else to help them. What is going to happen to the landlords of the houses in which these people are living? They are entitled to protection just as the tenant is entitled to it. Is the Minister prepared to assist in paying the rent of the sustenance and relief workers who are unable to pay for themselves?

Amendment put and negatived.

Clause put and passed.

Clauses 9 to 15 agreed to.

Clause 16—Threats against lessee:

Mr. McDONALD: I move an amendment—

That after "lessee" in line 2 of Subclause 1 the words "or lessor" be inserted.

This clause penalises any person who threatens to prevent a lessee from applying for the determination of a fair rent. Surely the Minister will agree that the lessor should also be protected from any threats made against him.

The MINISTER FOR JUSTICE: This is a reasonable amendment.

Hon. C. G. Latham: At last!

The MINISTER FOR JUSTICE: That being so, I propose to agree to it.

Amendment put and passed.

Mr. McDONALD: I move an amendment—

That in Subclause 2 the following words be struck out:—"and on a complaint under this provision, upon proof of such refusal, it shall lie upon the defendant to show that the reason for such refusal was other than the making or prosecution of such application."

The onus of proof should not be thrown on the defendant.

The MINISTER FOR JUSTICE: The words should not be struck out. The member for West Perth knows that in some cases, though not as a general rule, unless the onus of proof is thrown on the defendant, there can never be any complainant.

Hon. C. G. Latham: It is becoming the general rule.

The MINISTER FOR JUSTICE: The clause does not throw the onus of proof entirely on the defendant, since the complainant has first to prove that there has been a refusal. The provision is intended to prevent boycotting of a tenant because of a previous application for determination of the fair rent of a house. Possibly it would not be difficult for the complainant to prove that the defendant whom he charges with refusing to let him a house has so refused him, but neither would it be difficult for the defendant to prove that the reason why the complainant had been refused was not a previous application for the determination of a fair rent, but some legitimate reason.

Hon. N. Keenan: What legitimate reason do you suggest? That he did not like the complainant?

The MINISTER FOR JUSTICE: A legitimate reason might be found in another clause of the Bill. It might be that the com-

plainant had previously failed to pay the rent of the house, or to keep the house in good order. The protection provided by the clause for tenants is essential; without it the Bill might become inoperative. In some country towns two or three men own 75 per cent. of the houses available for letting, and they might easily put their heads together in regard to a tenant who had made a fair-rent application in relation to a house owned by one of them.

Hon. C. G. LATHAM: At an earlier stage of the Bill we heard a good deal about principles. Here is a principle at stake. I regret, Mr. Chairman, that you are not now on the floor of the House. I have frequently heard you champion principle. A bad principle is involved in this clause. That principle applies in reference to gold-stealing and pilfering on the wharf. Protests were raised against it in those instances by members of this Chamber. The law of England is that a person shall be regarded as innocent until he is proved guilty. That is a very good principle. We have departed from that. I warn members that if they agree to the inclusion of such a principle in this measure, they cannot justly complain in future if legislation is introduced under which the offender may be a poorer person. This will apply to landlords whom some members have referred to as "rapacious." That is not a correct description. I am concerned about the principle involved because of the precedent that will be set up. Some of the members who sit on the Treasury Bench now have fought against this class of legislative proposal, and I have always supported the contention that we should not legislate in such a way as to require a person to be regarded as guilty before he is tried. Such legislation is very unwise.

The MINISTER FOR JUSTICE: In a consideration of the principle, as it applies to the Bill, the Leader of the Opposition cannot ignore the objective. I know the principle is wrong in connection with many classes of offences—

Hon. C. G. Latham: You surely cannot change your principles.

The MINISTER FOR JUSTICE: — where it would be possible to establish an answer in connection with the charge that is laid. In this instance, the charge suggests victimisation, which is practically impossible of proof. Here the complainant will submit

that he has suffered an injury because someone knows he has made an application to the fair rents court. He will say that he has endeavoured to secure a house, but has been met with refusal after refusal, which he will attribute to the fact that it was known that he had made an application for a readjustment of rent he paid for another dwelling. The individual may be a very good tenant who has always paid promptly. Such a man will submit his reason to the court and will have to establish proof that he has been so refused. In those circumstances, the onus is placed on the person, or persons, who refuse him the right to rent a house, to prove the reason for any such refusal. That will be easy to prove if a legitimate reason exists but difficult if there is no legitimate reason. In no other way could such a charge be cleared up, or the legislation be made effective.

Hon. C. G. Latham: But you have not tried it out.

The MINISTER FOR JUSTICE: We have not lived for 50 years, to be able to do that.

Hon. C. G. Latham: There is always some excuse to put forward if you want to sacrifice your principles.

The MINISTER FOR JUSTICE: Of course there is.

Hon. C. G. Latham: But that does not make it right.

The MINISTER FOR JUSTICE: Such a principle would not be included in a Bill unless it were justified.

Hon. C. G. Latham: That is a new idea.

The MINISTER FOR JUSTICE: At any rate, it would never be included in an Act.

Hon. C. G. Latham: Do you think it is right, in the case of gold stealing, to say that the man in possession of gold has to prove that he came by it legitimately?

The MINISTER FOR JUSTICE: I would not say that. That provision has operated harshly in some cases.

Hon. C. G. Latham: And the principle is exactly the same here.

The MINISTER FOR JUSTICE: It is not.

Hon. N. Keenan: Of course it is.

The MINISTER FOR JUSTICE: No, because the circumstances are entirely different. In this instance there is an abstract charge, whereas with gold stealing there is a concrete proposition. Of course I do not say it is right that, simply because a few

grains of telluride are found in the coat pocket of a man, he should be called upon to prove that they were there through no criminal act of his. Here the position is entirely different. If a would-be tenant meets with refusal after refusal in his attempts to secure a house, it is only right that those refusing shall be responsible for giving the reason that actuates them. In what other way could any such charge be cleared up to the satisfaction of both parties?

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

Ayes	15
Noes	22
Majority against	7

AYES.

Mrs. Cardell-Oliver	Mr. Sampson
Mr. Ferguson	Mr. Seward
Mr. Hill	Mr. J. M. Smith
Mr. Keenan	Mr. Thorn
Mr. Latham	Mr. Watts
Mr. McDonald	Mr. Welsh
Mr. McLarty	Mr. Doney
Mr. North	(Teller)

NOES.

Mr. Coverley	Mr. Needham
Mr. Doust	Mr. Nulsen
Mr. Fox	Mr. Raphael
Mr. Hawke	Mr. Redoreda
Mr. Hegney	Mr. F. C. L. Smith
Miss Holman	Mr. Styants
Mr. Johnson	Mr. Tonkin
Mr. Lambert	Mr. Troy
Mr. Marshall	Mr. Willicock
Mr. Millington	Mr. Wise
Mr. Munroe	Mr. Wilson
	(Teller.)

PAIRS.

AYES.	NOES.
Mr. Brockman	Mr. Collier
Mr. Stubbs	Mr. Cross
Mr. Boyle	Mr. Withers

Amendment thus negatived.

Mr. McDONALD: I move an amendment—

That after "lessee" in line 3 of paragraph (3) there be inserted the words "or lessor."

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

Clauses 17 to 20—agreed to.

Schedule, Title—agreed to.

Bill reported with amendments.

BILL—FEDERAL AID ROADS (NEW AGREEMENT AUTHORISATION) ACT AMENDMENT.

Returned from the Council without amendment.

BILL—STATE GOVERNMENT INSURANCE OFFICE.

Second Reading.

Debate resumed from the 31st August.

MR. NULSEN (Kanowna) [8.37]: I support the Bill to legalise the State Government Insurance Office. I am surprised that the office has not been legalised before. It is not the first time that this question has been brought before the House. Private insurance companies are really to be blamed for the existence of the State Insurance Office owing to their not having given consideration to the question of workers' compensation, including compensation for miners' phthisis. The premium they suggested was prohibitive. They wanted £20 per cent., which was ridiculous, before they would accept the risk. When, later, the State Insurance Office undertook the same work, it was done for about £5 per cent. The operations of the State office up to date have been successful in every way. The ratio of expenses to premiums has been almost ridiculously low compared with that of the insurance companies. The business has been carried on economically. Notwithstanding that the office undertook work which was considered by the private insurance companies to be unprofitable, that office has made considerable progress. In 1936 the accident insurance department had a surplus of over £61,000. In 1935 there was an even higher surplus. The fire insurance department showed a small loss in 1936, but in the previous year there was a profit, so that that department still shows a profit. The State Insurance Trust Fund, which includes miners' phthisis, workers' compensation, fire insurance embracing motor cars, and marine insurance has shown a surplus of £495,849. That is a creditable performance and I am unable to understand how any member could take exception to the operations of the office, particularly in view of the fact that insurance business was forced upon the State as a result of the private companies not being inclined to undertake compensation business, or asking for a ridiculous premium of £20 in every £100 before they would agree to do so. Victoria is a very conservative state, yet, in 1914, even that State created a State Insurance Office. Queensland also has one, and so have New South Wales, New Zealand and I am told America.

State Insurance Offices in Australia, New Zealand and America have all shown a profit. Consequently there seems to me to be sufficient justification for the State Insurance Office in Western Australia. The Victorian office has shown a profit of £250,000 since its inception. Queensland has made a profit and has reduced premiums by 33½ per cent. The New Zealand policy holders were paid a rebate of £350,000, and over £13,000,000 has been saved to the insuring public and the taxpayers of that Dominion. In view of those figures, it behoves this Parliament to pass the Bill under review and so legalise the State Government Insurance Office. In all business, competition is really necessary. Yet there is no competition between the private insurance companies in respect of premiums, but only in getting new business. There are 72 insurance companies in Western Australia, and it stands to reason that their costs must be very high, while on the other hand there must be a great profit in the business for such a number of companies to keep going. The wheat-growers of this State have for a long time been seeking to get a reduction in insurance rates. Eventually they found a company outside the associated companies and that discovery has served to save the farmers £30,000. The goldfields people are at an even greater disadvantage than are the people down here, because on the goldfields many persons are working small mines without really any capital at all. Those people cannot afford to insure their employees, and so when an accident does happen it means that the employees get nothing. It is hard luck, because of course they have their families to keep. For that reason also consideration should be given to the legalising of the State Government Insurance Office. It is freely rumoured that motor car insurance is going to rise by about 40 per cent. I do not know very much about insurance, but that does seem to me an enormous increase, especially when we compare the premiums charged by the State office on motor cars. Where the private offices charge £9 7s. on £100, the premium charged by the State insurance office is only £9 10s. for £500.

Hon. C. G. Latham: I know a company that will do your insurance for you at £5 10s.

Mr. NULSEN: I do not know that, but in any case it has been brought about by

the opening of the State Government Insurance Office.

Mr. Seward: But that office has raised rates.

Mr. NULSEN: Not to anything like what they were before. I hope the Bill will pass, for certainly it will be to the great advantage of Western Australia. Good healthy competition puts business on a better basis than it would be if there were no competition at all. Most of the private insurance companies are connected with the Underwriters' Association and consequently they have one premium right through. There are several companies outside the combine, but they are not sufficiently strong to provide wholesome competition for the associated companies. Last year the Bill was thrown out by one vote alone, but I feel sure that this time another place will pass it, even if with certain amendments. There is one clause I would not like to see amended, and I hope that in Clause 4 the provision for extending the business by authority of the Governor by Order-in-Council will not be changed. If that were to happen it might be many years before it would be possible to extend the scope of the office.

Hon. C. G. Latham: Why give the Governor in Council a power that you will not give to Parliament?

Mr. NULSEN: By leaving it in the hands of Parliament, probably it will be sessions before that can get through. Without the State Government Insurance Office there is virtually no competition amongst the companies. I hope that if a select committee be appointed that will be one of the features they will bring out. I trust that members of the House, if they have any consideration for the people, will pass the Bill. We have proof from New South Wales and other States, New Zealand and America, where their Government offices have been very successful. I have nothing more to say, but I feel sure the Bill will go through and that the State Government Insurance Office will be legalised. When members reflect on it from a true business point of view, without being biased by any party feeling, they will say that in the interests of the people they will put the Bill through.

MR. STYANTS (Kalgoorlie) [8.48]: I want to support the Bill, because there are certain weaknesses in the present legislation giving insurance, and that greater advantage is taken of those

weaknesses in and around the district I represent than in any other part of the State. At one time I was an ardent supporter of all State enterprises, but my ardour has been damped in recent years because certain people will endeavour to take advantage of State enterprise and get away with certain unscrupulous measures which they would not attempt to put over private enterprise. This office comes under the heading of State enterprises, and since I have been a member of the House I have closely studied the attitude of members of the Opposition to State enterprises. While they are bitterly opposed to any State enterprise from which a profit is likely to accrue, they have no objection to the State undertaking a proposition which, on the face of it, would appear to involve a loss. They have no objection to the State conducting the Agricultural Bank to provide money for assisting the agricultural section of the community; they have no objection to the State conducting the Industries Assistance Board; they have no objection to the State financing the group settlement scheme which, as I pointed out the other night, has proved a sink for public money; they have no objection to the Government deputing their powers to a board to borrow £350,000 for the installation of bulk handling facilities.

Hon. C. G. Latham: We did not ask the Government to do that.

Mr. STYANTS: When it comes to State insurance, however, which is likely to yield a profit—and a substantial profit has been shown during the years the office has been operating—they have a distinct aversion to its being legalised. That is my impression of the attitude of the Opposition to State enterprises.

Hon. C. G. Latham: A very wrong impression.

Mr. Raphael: They do it only at the dictates of their masters. The financial interests tell them to do it.

Hon. P. D. Ferguson: I am disappointed with the member for Kalgoorlie.

Mr. STYANTS: We have to consider the necessity for the inauguration of the State Insurance Office. When the Labour Party proposed that certain occupational diseases should be brought under the Third Schedule of the Workers' Compensation Act, the private companies refused to quote a rate for that type of insurance. I admit there was a certain amount of justification for their

objection because they had no data on which to work. But neither had the State Insurance Office any data on which to work. The private companies, however, refused to quote a rate, and as there were men suffering acutely from occupational diseases, the Government decided to inaugurate an insurance office of their own to carry that type of insurance. They did so, and one of the most redeeming features of the State Insurance Office is that no draw was made upon the funds of Consolidated Revenue, either for the inauguration of the office or for the running of it.

Hon. C. G. Latham: I will prove to you that there has been, indirectly.

Mr. STYANTS: If the Leader of the Opposition can prove that, I can prove that the State Insurance Office has made profits greater than the amount it has received by way of assistance from Consolidated Revenue. In addition, it has considerable funds standing to its credit at the present time. Consequently I believe that the State Insurance Office is performing a service to the community, a service that the private companies refused to undertake. In the circumstances, I consider that the operations of the office should be legalised, and provision should be made for all future transactions to bear the stamp of legalisation. Section 10 of the Workers' Compensation Act makes it compulsory for employers to insure their workmen under pain of a penalty. The Minister will not approve of any private company that will not cover all classes of insurance. As the private companies refused to undertake insurance under the Third Schedule of the Workers' Compensation Act, the Minister naturally will not approve of any of the private companies, and as the State Insurance Office has not been legalised, it cannot be regarded as an approved concern, either. Taking advantage of a weakness in existing legislation, certain mushroom mining companies and men of straw refuse or neglect to insure their employees. I know of quite a number of men who have been employed by those companies of little financial substance and who have been injured, some of them seriously, and the money they could reasonably have expected to receive in the shape of workers' compensation was not available because their employers had neglected or refused to insure them. Those men and their dependants, in consequence, suffered distress and hardship.

Clause 8 of the Bill, which received considerable condemnation in another place last session, will, if the Bill becomes law, result in the State Insurance Office being deemed an approved insurance office for the purposes of workers' compensation, but the contention raised in another place last year, and also in this House this year, is that that would create a monopoly of workers' compensation insurance for the State Office. As a supporter of the measure to legalise the State Insurance Office, I do not want any monopoly. I believe that the State Office has proved in the past and will continue to show that it is quite capable of competing in the open market with the insurance companies. The Minister has stated definitely that it is not the intention of Clause 8 to create a monopoly for the State Office. As a union secretary and also as a member of this House, I have handled a fair number of claims under the Workers' Compensation Act, and have found on all occasions that, as agent for the injured party, I have received much better treatment from the State office than from private companies. I have had some very bad experiences with private companies, one of which I shall recount to members later in my speech. If a reasonable claim is put up to the State Insurance Office, the officials are prepared to stretch the responsibility to the utmost extent to ensure that the injured worker receives that to which he is entitled.

Hon. C. G. Latham: They do not do it in the case of widows.

Mr. STYANTS: I know the case the hon. member has in mind. I saw the papers. There certainly was a doubt about the matter. In the case of private companies, there appears at the outset to be an attempt to dispute liability. If a company feels that it can bluff a widow into the belief that she is not entitled to the whole amount, it will wrangle over the matter for months, and hold the money up—often a large sum—which should be payable to the dependants of the deceased person. In one case an insurance company disputed the liability in the first instance. It was then agreed that £450 should be paid, but I advised the widow not to accept that amount. The amount was then raised to £500. The company then said that the matter would be taken to court. The case was cited in the court, and the company bluffed the widow to within three days of the hearing, when the full amount of £620 was paid into court. For seven

months the money, which belonged to the widow, had been held up. The company for seven months had the use of that sum of money which really belonged to somebody else.

Mr. Marshall: And free of interest too.

Mr. STYANTS: There should be some supervision over the policies upon which private companies have from time to time been receiving premiums from the public. I have in mind one large and influential company operating in Perth. On their own admission to me this company for years had been issuing valueless policies, and had been receiving large sums of money in the shape of premiums. The policies were valueless because they purported to cover an employee under the Workers' Compensation Act, when under the provisions of that Act such employees could not be covered. I refer to a casual gardener. I had before me the case of a widow in Kalgoorlie. She had employed a casual gardener, and for three years had been paying premiums to the company. When the man lost the sight of an eye as the result of an accident which occurred while employed by her the company said the policy was valueless, because it purported to cover a person under the Workers' Compensation Act who could not be covered, and payment was refused. After a lot of haggling it was decided to offer £250 instead of £375 plus £50 for medical and hospital expenses. Whilst that kind of transaction is taking place and such policies are issued by private companies, the companies should be compelled to refer such policies to the Crown Law or some other authorities to see that they are genuine, and that when it comes to the cold logic of law, that they do cover what they purport to cover. The case I speak of was a particularly bad one. As the result of negotiations I had with the company, some alteration has now been made to the clauses concerned, but as a layman I could not say whether in law the policies on which premiums are being paid to-day are still valid, and whether the persons who pay the premiums could claim compensation for an employee who was injured in the course of his employment. There should be proper supervision to see that these policies are referred to the Crown Law or other authorities, with a view to ascertaining whether they have legal significance according to

the wording of the policies. If the State Insurance Office were legalised, and had a right to extend its operations into fields of insurance, other than workers' compensation, I believe fairer rates in the matter of premiums would be brought about. The other night the member for West Perth (Mr. McDonald) stated that certain types of insurance had not been profitable, and had shown a loss to the insurance companies concerned. I felt inclined to examine my conscience as to whether I was not being unduly harsh upon the companies. During that introspection I decided to look up certain figures in the Year Book to see what the position was of insurance companies in this State, as revealed by those figures, all of which can be verified. I found that for 1935-36, taking out the whole of the premiums, and the following items, including insurance for fire, employers' liability, workers' compensation, marine, motor cars etc., hailstones, accident (personal and general), public risk, third party, livestock, plateglass, guarantee, loss of profit, burglary, etc., the figures showed that in the aggregate the revenue from premiums received by insurance companies in Western Australia, including the State Insurance Office, amounted to £1,087,779, and the claims amounted to £507,335. The claims amounted to less than 50 per cent. of the revenue received from premiums. The charges were: Commission and agents' fees, £124,600 (this being approximately 25 per cent. of the claims that were met), and the other expenditure amounted to £250,550. I should like to know how the items are made up that are included under the heading of "other expenditure." The total expenditure was £882,485 and the revenue from premiums was £1,087,779, showing a clear profit on the year's operations of £205,314, representing on the premiums issued a 20 per cent. dividend. It is also interesting to note that commissions, agents' fees, and other expenditure amounting to £375,150 equal approximately 30 per cent. of the premiums received and 75 per cent. of the claims paid. It appears to me that there is a tremendous amount of expense in the running of insurance companies. Now we have the matter of third-party risk with regard to motor cars. That insurance I believe to be really necessary. However, it is difficult for me to endeavour to introduce any Bill to pro-

vide for compulsory third-party insurance when I find the insurance companies jumping their premium rates as much as 45 per cent. Amongst the 14 items which I have stated, there is only one under the heading of motor cars, trucks, etc., showing a loss. I do not say that an insurance company should continue any class of insurance that is not returning a profit. Insurance companies, like other business propositions, do not exist as benevolent institutions. But when we come to consider the transactions over five years of motor insurance in this State, we find that the insurance companies have not done too badly, although they did show a loss of 2 per cent. on their 1935-36 transactions. Taking the five-year period as shown in the Year Book, in 1931-32 there was £102,142 received in this State in the shape of premiums for motor insurance. The claims for that year were £48,479, or approximately 48 per cent. of the revenue received. The percentages I am quoting may be found a fraction out. I have not taken into consideration any decimals, but my percentages will be found to be within .75 of 1 per cent. of correctness. Agents' fees for that year were £10,306, and the expenditure was £28,414, or 28 per cent. of the premiums received. The total expenditure under the heading of claims, agents' fees, and general expenditure was £87,199. The whole of the transactions for that year showed a profit of £14,943, or 14 per cent. Now, 14 per cent. is a fair margin of profit to be shown. The figures also disclose a gradual increase in premiums, agents' charges and expenditure right down to 1935-36. I have the whole list here, but do not propose to weary the House with any figures except those for 1935-36, so as to make a comparison between them and the figures for 1931-32. In 1935-36 premiums received had jumped from the 1931-32 figure of £102,141 to £160,177. Claims had jumped from 48 per cent. to 64 per cent. of the premiums received. Agents' charges had jumped from the 1931-32 figure of 10 per cent. of premiums received to 15 per cent. for 1935-36, an amount of £22,928. Other expenditure showed a reduction from 28 per cent. to 23 per cent. Total expenditure had increased from the 1931-32 figure of £87,199 to £163,681 for 1935-36. For 1935-36 there was a loss of £3,504, or a percentage loss of 2 per cent. As I have said, one does not expect insurance companies to keep on dissipating the profits made in previous

years, but I think we can expect them to be satisfied with a reasonable increase in their charges. We know, however, that in some cases they raise their premiums by as much as 45 per cent. although they had shown a loss of only 2 per cent. If we look at the figures for the five years for motor car insurance, we find that the companies made a total profit for the first four years of that period amounting to £43,715, and that the loss on one year of that five-year period was £3,504. Thus the net profit for the five-year period was £40,211. And yet we find that the insurance companies have in some cases increased their premiums by 45 per cent., and in almost every case have increased them by at least 25 per cent. That bears out my contention that the insurance companies are not in all cases quoting fair premiums for the risks which they are asked to undertake. I believe that if the State Insurance Office were legalised and given permission to take on other forms of insurance, we would find that there would be competition not only for the business offering but also in respect of rates: and this latter competition is practically non-existent in insurance business in Western Australia. I hope that the Bill will pass both here and in another place, and that the operation of the State Insurance Office will be legalised, thus providing cover in the first instance for men who are employed particularly in the mining industry and who come under the Third Schedule to the Workers' Compensation Act. I hope also that provision will be made to allow the State Insurance Office to extend its operations and thereby bring about more reasonable premiums generally in this State.

MR. NORTH (Claremont) [9.18]: Undoubtedly State insurance represents an attractive proposition, but when we look at the condition of the world and even at the condition of those countries where State insurance is practised, we realise that it has not had much effect in preventing the conditions under which such countries are suffering to-day. America is often quoted as being the home of successful State insurance. But what a condition is America in to-day. It is filled with too many problems to handle.

The Minister for Employment: Look at Alberta!

MR. NORTH: It is the same here in Australia. In our own State we have increased State activities and are asked to legalise some now existing. In Western Australia a great

many enterprises are run by the Government. Surely we should make sure that existing enterprises are giving satisfaction, before we go any further. Only last night we heard an illuminating address regarding the State railway system. If the assertions made last night are accurate, we have a big job ahead of us to make a success of one large undertaking now being run by the State, although on the surface it might appear that the railways are a proper undertaking for the Government. It is the same, too, with all these various concerns. I think the State has its hands full already. When the day arrives when all the enterprises we are trying to handle are adequately attended to, it may be opportune to consider whether it is worth while embarking upon another State enterprise of this nature. I admit the attractive arguments that have been submitted. If the Premier can tell us that he has in his pocket solutions for the birth-rate problem, the terrible failure of our railways, the drift in our loan policy and for the 6,000 unemployed sustenance workers in our midst, then, with all those problems solved, we may have time to consider State insurance. Major problems are before the whole world to-day, not only before Western Australia. We have to decide whether we are to have the totalitarian, socialistic State or whether we are to adopt some form of control, as we are already attempting in various directions. We are subsidising here and exercising strict control there. We subsidise airways and other concerns with some success. Broadcasting stations furnish instances of successful control, but they do not constitute a State enterprise. Some stations are controlled by the Federal Government; others are controlled privately. Surely this question of State insurance is worthy of close consideration before adoption. The State is in the position of the person trying to handle one thing after another and leaving each task half accomplished. When the day arrives that our railways are run on a satisfactory basis and show a profit, with all the latest improvements installed, fine engines, splendid plant, beautiful stations and nothing falling down or derelict, there may be some reason for such legislation as that under consideration.

Mr. Raphael: Yes, and when the farmers pay their debts.

MR. NORTH: Even that. Wherever we turn, we find we are in the midst of trouble.

Mr. Raphael: And no women politicians.

Mr. NORTH: Unless the private companies are not prepared to undertake the insurance business, we should hesitate. Surely that particular question itself is worthy of investigation by means of a select committee. For that reason alone, I would like the Bill referred to a select committee after the second reading is agreed to. Then if the companies can demonstrate that they are capable of handling the business and thus enable the State to leave this activity alone, well and good. If they are able to do that, it will relieve Ministers of another worry. If they cannot do so, that is another question. We have to remember that even if the State fails to embark upon this particular enterprise, that does not say it has done its job regarding the control of the existing private companies. The more the State gets away from the original idea of government, the more trouble is likely to arise. If there is any particular criticism that can be levelled by their supporters against the Government after the years they have been in office, it is that they have not carried the banner of socialism as successfully as was expected. The Government have been regarded as a Tory Administration in that they have carried on the normal idea of government. This breakaway represents their first attempt in 12 years to carry out their socialistic policy, which a certain number of their supporters believe in. It is hard to determine whether we should encourage them to go in for more State enterprises and thus earn criticism elsewhere, or applaud them for the meagre proportion of State enterprise they have endeavoured to embark upon.

Mr. Sleeman: You had better come over here and help us a bit.

Mr. NORTH: That does not ignore the point that Governments in our generation are forgetting their original functions. Only the other day the Commonwealth Royal Commission on Banking brought back to our minds the fact that Governments were responsible for the control of currencies and currency policy.

Mr. Marshall: They only inferred that it was their responsibility.

Mr. NORTH: That point has been stressed, although for years private banking institutions have been blamed for what we are now reminded is a Government re-

sponsibility. Then there is the question of health. A statement appeared in the Press recently that 43 per cent. of the children of Australia are suffering from malnutrition. That indicates that our health functions are completely out of hand, and Governments are not doing the work they should.

Mr. Raphael: Not enough milk.

Mr. NORTH: That has something to do with it.

Mr. Hegney: Aberhart is having a rough spin in Alberta.

Mr. NORTH: I do not know that that has anything to do with health considerations. Then there is the question of education. To-day the teachers are telling the Government that more money should be spent on education and more attention given to that phase of our national life. There is a change required there. That is another important matter. Surely all these phases are of greater importance than State insurance. Criticisms regarding the present position are heard from people in different spheres.

Mr. Raphael: It is about time you got back to the question of State insurance. You have been all round the world on other things.

Mr. NORTH: It is a very small world. I emphasise that the various questions I have referred to are all of more importance than State insurance. When those particular matters have received attention, we can consider this other form of State enterprise.

The Minister for Agriculture: And even then we will still have Douglas social credit.

Mr. NORTH: We will then be able to talk about further State enterprises. The Minister has referred to the Douglas Credit system and if he desires to discuss that matter I shall be pleased to hear him when he speaks. The member for West Perth (Mr. McDonald) was wise in urging the appointment of a select committee to consider the Bill after we agree to the second reading. If that course is agreed to, the whole problem can be investigated and perhaps adjusted from the point of view of private insurance companies so that they will be able to relieve the State of this additional worry.

Mr. Raphael: And of our money too.

Mr. NORTH: We would be well advised to take advantage of the suggestion offered by the member for West Perth.

HON. C. G. LATHAM (York) [9.28]: I shall not speak at any great length because I understand that we will be able to give attention to the Bill again at a later stage. The policy of the Country Party is against State enterprises. We believe it is not the function of the Government to enter into competition with their own taxpayers. We have observed that policy as far as we possibly can despite the fact that the member for Kalgoorlie (Mr. Styants) has indicated otherwise. I assure him that the agreement entered into by the Minister for Lands recently in Melbourne was not in accord with the wishes of members sitting on the Opposition side of the House. The Minister arranged to float a loan for the purpose of establishing bulk-handling facilities, but we were not consulted.

The Minister for Lands: I was not entitled to ask you.

Hon. C. G. LATHAM: I do not say the Minister was. If he had listened to what was said, he would not interject along those lines.

The Minister for Lands: It was our business.

Hon. C. G. LATHAM: And very bad business, too. When we give consideration to the question of insurance, we have to bear in mind this point: This Parliament has made certain insurance compulsory. People have been compelled to insure. Employers have to insure their workers. The policy of this State is that those injured in industry should be compensated by industry, and I believe that is a wise policy. In view of the fact that people are compelled to insure, the insurance should be effected as cheaply as possible, and controlled if necessary. For that reason I intend to agree to the second reading of the Bill. There are far too many insurance companies drawing overhead costs from this class of work to-day. Workers' compensation insurance is compulsory. In the future there will have to be compulsory third-party insurance, and if people are to be compelled to undertake that insurance, it should be done as cheaply as possible.

Mr. Raphael: That is the first sensible thing you have said to-night.

Hon. C. G. LATHAM: The hon. member has never said anything sensible. I believe it may be necessary to have some control over insurance companies. I dare say that members who were here when we on this side of the House were in office will remember that we introduced a Bill bearing out the policy of this party that the proceeds of premiums should be pooled and those injured in industry paid direct from that pool with as little loss as possible. It was proposed to set up a board controlling the fund and, with the assistance of a medical board, endeavour to keep down expenses as far as possible and give a fair deal both to the people paying the premiums—

Mr. Hegney interjected.

Hon. C. G. LATHAM: I wish the hon. member would keep quiet. I was hoping to get home early to-night.

Mr. Hegney: That is all right; we can carry on.

Hon. C. G. LATHAM: The hon. member would not be missed, anyway. Members will recollect that when our Bill was introduced, it was proposed to set up a board to protect the insurer and the person insured from being exploited. Having that in mind, we might make a further investigation into insurance with a view to seeing what it is possible to do. I dispute the figures submitted by the Minister when he introduced the Bill, and I suggest that they could be investigated. The member for Kalgoorlie, who, judging from his speech, has given a great deal of consideration to this matter, stated there had been no loss incurred by the Office. Of course there has never been any loss because of the source the Government have from which to draw their funds. On pages 492 and 593 of "Hansard" for last session, questions and answers relating to the State Insurance Department will be found. The Minister for Employment said that the rate charged in connection with the State Insurance Department for employees of the Public Works Department was 20s. per cent. for the clerical staff, while private persons insured with that office were charged 3s. per cent. I believe that is a little below the premium rates of the ordinary insurance companies. If the State has that method of drawing on the public purse, it is not likely to make a loss. There is nothing to prevent the State charging 40s. The hon. member should be perfectly satisfied, if he consults the figures given in "Hansard," that the State Insurance Office does draw from

other sources. The Office has no legal standing, and any deficiency has to be made up from some source, and that is the source from which it is made up.

The Minister for Mines: There has never been a loss.

Hon. C. G. LATHAM: And there never will be, under those conditions. If the Office is going to charge against the Government departments 20s. per cent. when the outside rate is 3s., there is 17s. at least taken from the Treasury that the Office is not entitled to receive.

Member: How many thousands of pounds have been obtained under that head?

Hon. C. G. LATHAM: A considerable amount has been obtained. The whole Government clerical staff is insured. Relief workers, quarrymen, general labourers and timber-fellers are charged a flat rate of £8 per cent. These are State employees. Other people not employed by the State are charged as follows:—Farm labourers 52s. per cent., and timber-getters from £4 10s. to £30 per cent. according to the risk being incurred in that industry. I am not afraid for the private insurance companies. I have always found private enterprise can compete more than favourably with any Government concern, and they pay rates and taxes that are not paid by the Government. Were the State Office legalised, I do not suppose that there would be much more business done than is done to-day when it has no legal standing. I want to point out the discrepancies in the figures presented by the Minister. I submit that the Minister's intention was to show the premium income and to charge against that premium income the administrative costs and claims, and then reveal either a loss or a surplus, not taking into account other revenue received. I cannot reconcile the figures at all, and I do not think the Minister will, if he checks them. He shows that in the State Office accident insurance department, including all Government workers, the premium income for 1935-36 was £242,996; the claims paid £173,022; and administrative expenses, £3,796, leaving a surplus of £68,246. If he checks those figures, however, he will find the surplus should be £66,178.

The Minister for Employment: There are other factors.

Hon. C. G. LATHAM: Then why not show them? The statement is misleading as it stands. The same applies to all the figures.

The Minister for Employment: There is interest on investments, for instance.

Hon. C. G. LATHAM: Then why not show it under a heading "other earnings"? The figures given show the premium income, the claims and the administrative costs for a year. We should know all the sources of income so as to ascertain exactly what profits were made. In the marine insurance department of the Queensland Office the profits exceeded the premiums paid. I do not take any great notice of the Minister's figures. They are not convincing.

The Minister for Employment: They are correct.

Hon. C. G. LATHAM: How does the Minister make them correct? The figures do not tally. They can be made correct by putting in additional figures afterwards to make up the difference.

The Minister for Employment: They show the four important factors, and they are taken from the official returns.

Hon. C. G. LATHAM: There should be some indication as to what other way the income was made up. Looking at the figures of the Queensland State Insurance Office I observe that the administrative expenses are exceedingly high. For 1934-35 they were 64,739 per cent. and for the following year 70,654 per cent. I do not know whether those figures are correct, but I suggest that they cannot be.

The Minister for Employment: They had a big item there for wheat reserve.

Hon. C. G. LATHAM: But these are administrative expenses.

The Minister for Employment: In which year was that?

Hon. C. G. LATHAM: It is all in the return you issued. It was in 1934-35, and you showed—premiums £391,931, claims paid £395,004, administration expenses 64.739 per cent., losses £49,335. In the next year the figures were: Premiums £463,353, claims paid £449,537, administration expenses 70.654 per cent., losses £66,298. Of course it is easy to run a business on those lines, where you have a treasury to draw upon. Before we agree to this we want it put on a perfectly sound footing. If the Government wish to enter into a business of this nature they ought to prove to the House that they can run that business.

The Minister for Mines: We could keep you for a week detailing the poor unfortunates who have been turned down by the companies.

Hon. C. G. LATHAM: Those engaged in the mining industry should be compensated by the mining industry.

The Minister for Mines: They are now.

Hon. C. G. LATHAM: But the compensation is not paid by the goldmining industry, whereas in every other country in the world that has been a separate business altogether from ordinary insurance. In Africa, Canada, America and Russia it is a totally different thing, a business to itself, and so it ought to be. And if the Government of the day had made the mining industry pay for those who suffer from occupational diseases in the industry, it would have been far more satisfactory. But here the companies were under the Third Schedule and were asked to take risks that they did not know anything at all about.

The Minister for Mines: They knew a lot about them.

Hon. C. G. LATHAM: They knew nothing about them. In the Third Schedule there are diseases which the Minister himself knew nothing about. In looking up dictionaries to see what they meant, I found that the names of some of them were changed in 1926, just before the Bill was introduced.

The Minister for Mines: Do you know by whom they were changed?

Hon. C. G. LATHAM: Yes, by the medical profession, the members of which thought that the layman was getting to know too much about diseases, and would find that he could apply some simple ointment as a cure. However, I do not propose to go into this question, for it will be given further consideration, and in view of that I will allow the second reading to go.

THE MINISTER FOR EMPLOYMENT

(Hon. A. R. G. Hawke—Northam—in reply) [9.45]: I propose to make only a brief reply to the speeches we have heard. The member for West Perth (Mr. McDonald) put up a few points that deserve consideration. In dealing with the difference in rates supplied by the State Insurance Office in regard to motor car insurance, as against the rates charged by private companies for the same type of insurance, he gave us to understand that representatives of some of the private companies had assured him they would be willing and even pleased to quote insurance for Government motor cars at the same rate, or even at a lower rate than that

charged by the State Insurance Office. It is very easy for representatives of the private companies to come along and give that assurance. But the fact that they gave such an assurance is not proof that they would charge that rate which they said they would charge, if there were no State Insurance Office operating. The same hon. member pointed out that the ratio of administration expenses to the total premium income received was as high in connection with the administration of the State Office in Tasmania as in connection with the private insurance companies in this State. The simple explanation of that position is that the total amount of business transacted by the State Office in Tasmania is small, mainly due to the fact that Tasmania is a small State with a small population. It is inevitable that administration expenses will be high when the total premium income is small. Probably for the same amount of administration expenses the State Insurance Office in Tasmania could handle ten times the amount of business, if the additional business happened to be available. It is a well understood principle of business that expenses do not increase in ratio to the increase that takes place in the amount of business done. The same hon. member also suggested that the ratio of expense figure to premium income in connection with our own State Insurance Office is low, that it must be as low as it is because not all reasonable charges are levied against the expenses of the office. I have had that suggestion checked, and have been given the assurance that every legitimate charge is accounted for in the expenses shown against the State Insurance Office of Western Australia. It was also suggested by one of the critics of the measure that State insurance in America cannot have been as successful as I suggested in my speech because the President of the American Federation of Labour and the legal counsel of that Federation had made speeches not altogether in favour of State insurance. Those who have given any deep study to the conduct of the American Federation of Labour will know that the federation has worked as much in the interests of the employers of America as in the interests of the workers. So much has that been so in recent years that a new trade union Labour organisation has developed in America.

Mr. Marshall: High time, too.

The MINISTER FOR EMPLOYMENT: That is an organisation established on much the same lines as our Labour organisations in Australia. The new organisation has made tremendous headway in a short period of time, so much so that the officials of the old American Federation of Labour have become panic-stricken and have lost a great deal of their strength and power amongst Labour forces in America. Therefore I am not surprised in the slightest at what the President of the American Federation of Labour, or the leading counsel for the federation, said on the subject several years ago.

Mr. Marshall: They only wanted Samuel Gompers with them and they would have been set.

The MINISTER FOR EMPLOYMENT: Both the Leader of the Opposition and the member for West Perth have informed us that their respective parties are opposed in principle to State enterprises. They have assured us that the members of those organisations strongly believe in all enterprises being left in the hands of private individuals. That may be their policy; it may be their principle; it may even be their belief, but their actions when in office and out of office prove the contrary. Whenever an enterprise does not offer that margin of profit sufficient to attract private individuals, there is always an immediate agitation for the State to shoulder the responsibility and carry on the enterprise. Then, when the State does struggle through the difficult early stages with an enterprise, representatives of the Opposition party commence an agitation for private enterprise to be allowed to take charge of it. The member for Avon (Mr. Boyle) made an altogether extraordinary speech. Usually his speeches are clear, logical and easily understood. Last year on this Bill he made a most peculiar speech in opposition, or as justification for his opposition. This year he made an even stranger speech in an effort to justify his opposition to the Bill. He said that the legalisation of the State Insurance Office would imperil the very existence of some non-combine company with which he had been associated and for the establishment of which he appeared to claim full credit. This non-combine company appears to be wrapped in mystery. The hon. member has never taken us into his confidence regarding it; he has not given us even the slightest hint of its title

in order that some of us might seek to obtain benefits if it would condescend to do business for us.

Mr. Marshall: Is it registered under the Companies Act?

The Minister for Mines: We do not know because we are unaware of its name.

The MINISTER FOR EMPLOYMENT: No doubt it is registered, but our difficulty is to get its name.

Mr. Thorn: It is the Federal Insurance Company, Limited.

The MINISTER FOR EMPLOYMENT: The member for Toodyay has come to our rescue at a difficult time and given us the information which the member for Avon has kept secret for so long. Although the member for Avon made an assertion that the legalisation of the State Insurance Office would imperil the existence of a non-combine company, he advanced no reason to justify the statement. It is entirely beyond my comprehension to understand how the legalisation of the State Insurance Office would imperil the existence of a non-combine company. It would certainly not imperil the existence of a non-combine company until all the combine companies had been compelled by competition to bring their rates down to at least the level of the rates of the non-combine company. The member for Avon also made certain charges against the Agricultural Bank Commissioners regarding the insurance cover for clients of that institution. He gave us to understand that the Commissioners compelled their clients to take insurance cover from the State Insurance Office.

Mr. Marshall: Unknown to the client.

The MINISTER FOR EMPLOYMENT: It is not correct to say that clients of the Agricultural Bank are compelled to take their insurance cover from the State Insurance Office. Clients are at complete liberty to take their insurance from any insurance company in the State.

Mr. Doney: Did not the member for Avon say that, when clients failed to renew their insurance, the Agricultural Bank Commissioners took that action?

The MINISTER FOR EMPLOYMENT: He might have said in some part of his speech that that happened when clients of the Bank failed to renew their policies. If that is what he said, it is correct. When the Commissioners find that a client has

failed to renew his insurance, they are in duty bound to make arrangements for the insurance cover to be obtained.

Mr. Doney: Why not with the company with whom the client had previously insured?

The MINISTER FOR EMPLOYMENT: Because the Commissioners obtained quotes from the associated companies, from a non-combine company and from the State Insurance Office, and the lowest quote obtained was from the State Insurance Office.

Mr. Doney: You do not think that the clients' wishes weigh with the Commissioners at all?

The MINISTER FOR EMPLOYMENT: If a client fails to take any step to renew the insurance on the property he is occupying, it is complete proof that he is not interested in the matter of covering the property by insurance. Therefore the Commissioners are in duty bound to protect their asset by seeing that insurance cover is obtained at the earliest possible moment and from the cheapest possible source. That is what has been happening for some 18 months and that is what will continue to happen.

Mr. Sampson: Would the Commissioners advise the client of their intention?

The MINISTER FOR EMPLOYMENT: Several suggestions have been made that this Bill should be referred to a select committee. To that suggestion there is no objection from the Government. It is my intention to move, after the second reading has been carried, that the Bill be referred to a select committee. The Government desire that the fullest possible information shall be made available. We feel that the case in support of the Bill is strong enough to invite the most searching inquiry possible. We realise that the argument surrounding the whole issue is largely one of figures as well as one of principle. We have no objection to all possible inquiries being made to find out and demonstrate the actual proof of the insurance business position in Western Australia. The committee will make the fullest investigation with the object of reporting back to the House, so that the complete position may be made available for the information, not only of members, but of the public, who, after all, are the most vitally concerned in this issue.

Question put and passed.

Bill read a second time.

Referred to select committee.

THE MINISTER FOR EMPLOYMENT
(Hon. A. R. G. Hawke—Northam) [10.3]:
I move—

That the Bill be referred to a select committee.

Question put and passed.

Select Committee Appointed.

Ballot taken and a committee appointed consisting of Hon. W. D. Johnson, Mr. McLarty, Mr. Tonkin, Mr. Watts and the mover, with power to call for persons and papers, to sit on days over which the House stands adjourned; and to report on the 23rd September.

House adjourned at 10.12 p.m.

Legislative Council,

Tuesday, 14th September, 1937.

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

ASSENT TO BILL.

Message from the Lieut.-Governor received and read notifying assent to the Federal Aid Roads (New Agreement Authorisation) Act Amendment Bill.

QUESTION—CARNARVON JETTY.

Hon. E. H. ANGELO asked the Chief Secretary: 1, Is he aware that, for some time past, masters of vessels using Carnar-