

Council's amendment:

Add the following new clause:—"Clause 15. Section 19 of the principal Act is hereby amended by striking out 'thirty-two' and inserting 'thirty-three' in lieu thereof.

The MINISTER FOR LANDS: The object of the amendment is to extend the operations of the Bill for another year. It has been found necessary to carry on this legislation after February next, when the existing Act expires, and so this amendment has been inserted in the Council. I move—

That the amendment be agreed to.

Question put and passed; the Council's amendment agreed to and a message accordingly returned to the Council.

### ADJOURNMENT—SPECIAL.

The PREMIER: I move—

That the House at its rising adjourn until Tuesday, the 7th July.

Question put and passed.

*House adjourned at 8.56 p.m.*

## Legislative Council,

*Thursday, 2nd July, 1931.*

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

### QUESTION—ADMINISTRATION COSTS.

*To Safeguard Employees.*

Hon. H. SEDDON asked the Minister for Country Water Supplies: 1, What was the cost of administration during the year ended 30th June, 1930, for (a) public

health, (b) medical, (c) Factories and Shops Act, (d) Mines Regulation Act? 2, What proportion of this expenditure is estimated to be the cost of safeguarding employees against accident and injury to health in each case? 3, What other Government expenditure can justly be charged to the same purpose?

The MINISTER FOR COUNTRY WATER SUPPLIES replied: 1, (a) Public Health, £24,778; (b) Medical, £182,534; (c) Factories and Shops, £5,911 12s. 10d.; (d) Mines Regulation Act, £6,326 3s. 2d. 2, (a) Public Health, nil; (b) Medical, nil; (c) Factories and Shops, nil; (d) Mines Regulation Act, £4,078 3s. 11d. 3, This would mean the preparation of a return and the amount involved would be small.

### BILL—FIREARMS AND GUNS.

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

### BILL—WORKERS' COMPENSATION.

*Personal Explanation.*

HON. SIR WILLIAM LATHLAIN (Metropolitan-Suburban) [4.35]: I desire to make a personal explanation. In the course of my remarks yesterday I inadvertently stated that I understood the insurance companies had withdrawn their offer to make a reduction of 30 per cent. in premiums owing to the fact that another place had increased the limit of remuneration to qualify a worker for benefits under the measure from £400 to £500. I find that I was in error in making the statement, and that the offer of the insurance companies still stands.

Hon. J. Nicholson: Provided the measure is the same.

Hon. Sir WILLIAM LATHLAIN: Yes. I should like to quote the following letter:—

The offer, which was published in the Press recently, is as follows, and still holds good:—"The Associated Insurance Companies state that if the Bill is amended to enable them to undertake, in competition with the fund, the business they have accepted under the existing Act, and the Bill (insofar as it relates to the compensation payable to the worker) as originally presented to the Legislative Assembly, is enacted, they are prepared to reduce the rates at present charged for indemnity under the existing Act by the equivalent of an all-round 30 per cent."

*Second Reading.*

Debate resumed from the previous day.

**HON. H. SEDDON** (North-East) [4.37]: In dealing with this Bill, one naturally observes that it involves some startling departures and that the amendments constitute an appreciable advance on existing legislation. I think the House will agree with me that the proposals demand very serious consideration. Before I commit myself definitely as to whether I shall support the Bill or not, I wish to ask the Minister certain questions, and I can assure him that the replies will have to be convincing in order to overcome the serious objections I have to the Bill. It is quite possible that the Bill might involve unforeseen results. One would have thought that when the Government introduced an amendment of the Workers' Compensation Act, they would have proposed certain amendments that are long overdue, but this point has been ignored, while there have been introduced certain proposals which can only be regarded, coming from the party they do, as exceedingly startling and certainly contrary to the accepted view of the policy of that party. I consider the Bill both premature and inadequate—premature insofar as certain aspects involved in constituting such a fund have not been taken into consideration, and inadequate because the measure does not meet certain long-desired amendments to the Workers' Compensation Act. One cannot fail to be impressed with the peculiar turn that the debate has taken. Some members who have announced that they would oppose the Bill have advanced arguments strongly in favour of it, while other members who feel compelled to support the Bill have advanced arguments, most of which were a severe criticism of the Bill. There is also the political viewpoint. Here is a measure that embodies one of the most cherished ideals of the Labour Party, a very important feature of their platform, the nationalisation of finance. Here is a proposal to establish not only a State insurance office but a State monopoly of workers' compensation insurance, one of the very things that the Labour Party for years have been trying to achieve, something that Mr. McCallum, when he introduced the measure of 1924-25, did not endeavour to force upon the public. It has been left to a Nationalist Government to make that proposal in this Bill.

**Hon. G. Fraser:** They were converted to that way of thinking in the intervening years.

**Hon. H. SEDDON:** If that is so the Labour Party should be congratulated upon having convinced the Nationalists of the need for adopting a principle for which the Labour Party stand. If the Labour Party can attain the goal of a State monopoly of employers' liability insurance, they will have made a notable advance towards attaining the objective to which they are pledged, and any tactical advantage that might be gained by criticising the Bill would be far overshadowed by getting the principle admitted by this House. When the Labour Party endeavoured to get a State Insurance Office established, this House on two different occasions most emphatically opposed the project. The State Insurance Office is really operating illegally, in that it has been established in direct defiance of this House. The present Government are actually asking this House, not only to go back on its decision and legalise the State Insurance Office in so far as it is now illegal, but to go much further by establishing a State monopoly of employers' liability insurance. Last December the Government had to withstand heavy stonewalling in another place in order to obtain the right to sell existing trading concerns without first obtaining the sanction of Parliament. Only after a long drawn out and weary battle did they succeed in their desire, but having then succeeded, they propose to follow up their success by establishing a State monopoly. Such an extraordinary departure from the policy pronouncements of their party demands a much more complete explanation in support of this Bill than has been given by the Minister. One might well ask whether the reasons advanced by the Minister are adequate to justify such a sudden change of policy. I am inclined to wonder whether other reasons may not be advanced that would be equally cogent and that might possibly outweigh any advantages to be gained from the passing of this measure. The Minister indicated that this House would have an opportunity to assist in reducing the cost to industry of this type of insurance by a matter of £150,000 per annum. He also assured us that the provisions for compensation to the worker and his employer who insures him represent an additional advantage to be gained from the Bill. Are these the only reasons why the

Bill has been introduced, and are they the only advantages to be gained from it? One cannot help asking whether the financial embarrassment of the Government had anything to do with its introduction, particularly when this Bill is such a big departure from the accepted political faith of the party in power. This Bill will involve a sum amounting to something like £400,000 a year.

Hon. Sir Edward Wittenoom: The Government are not embarrassed. They do not want any suggestions for economy.

Hon. H. SEDDON: That may, or may not be the case. One of the reasons advanced by the Minister was that the Bill would effect considerable economies to the general public. There is another reason which might be taken into consideration by an embarrassed Government, namely, that the £400,000 involved would naturally come into the fund and this fund would be under the control of the Treasury. Subclause 3 of Clause 10 provides that Government servants shall preserve the privileges they enjoy under the Public Service Act if they are employed by this insurance department. This is a definite indication that it shall be regarded as a Government institution, and that its revenues shall be within the control of the Treasury. People who know anything about Government finance know that the collections made by Government servants are paid into the nearest bank, and thence into the Treasury accounts. They are, therefore, handled subsequently by the Treasurer. The provision that the funds shall be paid into the Treasury is a further indication that the sum of £400,000—it may be more or less—will be available to the Treasurer, seeing that it will come under the heading of trust funds. There is a further provision that these funds are to be appropriated by Parliament, and that all contributions shall be paid into the fund. Government servants will naturally collect the premiums. I take it this fund will be free from rates and taxes. I understand the Government are prepared to consider the question of vacating the field of insurance if this fund is established. If the fund is established, I see no reason why they should not do this, because the fund will enable them to perform all the functions now performed by the State Insurance Office. I do not want my remarks to be taken as a condemnation of Government in-

urance. Before passing from the question of trust funds, I should like for a moment to refer to the summarised balance sheets and the cash transactions of the Government of Western Australia as at the 31st March, 1931. Members will find in the summary such items in debit as the following:—The General Loan Fund is shown in debit to the extent of £3,048,000; the Consolidate Revenue Fund is shown in debit to the extent of £4,895,000. There have been advances to the Treasurer amounting to £599,000, and remittances have been made to London amounting to £112,000. An item, cash in hand, £449,000 is also shown. On the other side of the balance sheet there are entries which may be of interest. There are sums under the headings of Sinking Fund, Insurance Fund, Agricultural Bank Purchase, Group Settlement Reserve, Soldier Settlement Scheme Rebates, and State Savings Bank items which appear on the other side of the balance sheet also, but I am quoting them because they are trust funds. We have on that side of the ledger the fact that the Government have received from the London and Westminster Bank £667,000; it shows that debentures in London amount to £1,435,000; Treasury bonds in London amount to £713,000; Treasury bonds in Australia amount to £694,000; and the general bank account shows £437,560. I am quoting these items as it will be seen by members that these accounts have been overdrawn, and are set against certain items that are in credit. It is a desirable thing that this additional trust fund should be placed at the disposal of the Treasurer, in the hands of a Government or of Governments which are likely to be financially embarrassed for some time to come? The fund would naturally have associated with it certain very strong cash reserves which should be immediately available should there be a sudden demand upon them.

Hon. J. Nicholson: One would be an offset against the other.

Hon. H. SEDDON: Such a demand might come along at the time when the Government were being pressed in other directions, and when these cash resources were being strained to the utmost. Under these conditions seeing that overdraft facilities have been availed of to the utmost, in the event of a sudden demand being made for payments under the Workers' Compensation

Act, what position would the Government find themselves in should such a state of affairs exist? There is a very strong argument in favour of Government insurance. In placing the case before the House I want to give full recognition to that aspect. Workers' compensation insurance is purely a field of insurance created by the Government. It was legislation in the first instance which placed the responsibility upon the employers to pay for accidents to employees, or compensation in the event of death. Legislation also forced upon employers the necessity for safeguarding their employees. Despite the answers by the Minister to my questions this afternoon, I cannot ignore the fact that quite a large proportion of the cost of the inspection that takes place under the headings I referred to is incurred by reason of the necessity for the Government policing certain Acts on the statute-book in order to safeguard the health of, and save from accident, the employees in various industries. In the circumstances, I say that before a Bill was brought down establishing an insurance fund, these aspects should have been taken into consideration. Despite the answers to my questions, there must be a certain amount of expenditure under the heading of public health which concerns the health of employees in shops and factories. One has only to examine the Shops and Factories Act to see that conditions are laid down providing that the health of the employees shall be safeguarded. To say that none of the cost of public health is to be attributed to safeguarding the health and limbs of employees is to ignore an important aspect of the question. One may refer not only to public health but to medical services, factories and shops, and the Mines Regulation Act. We have one inspector at Kalgoolie whose time is entirely employed in seeing that the ventilation conditions of the mines are being properly attended to.

Hon. Sir William Lathlain: The same thing is done in regard to shops.

Hon. H. SEDDON: It is being done in connection with shops and factories, and yet we are told that none of the expense associated with the administration of these departments can be attributed to the cost of safeguarding the health of the employee. In my opinion a considerable amount of the taxation that is imposed upon the people is so imposed in order that the departments may be efficiently operated. If the Govern-

ment contemplate establishing a fund which shall take care of and control workers' compensation expenditure, these other items should constitute a legitimate charge against such fund. If the Government are desirous of relieving industry of the cost of workers' compensation insurance, surely it is only right and proper that the board, which will control the fund, should also control the inspectorial staff which would enforce this legislation. That cost should be taken into consideration, and some clause should be drafted to provide for its being made a charge upon the fund. There is no doubt that were such a revolutionary change made in Government administration, it is possible that such departments working together under the control of the board might effect considerable economies in the cost of safeguarding the health of employees and saving them from accidents. That is one of the desirable features of workers' compensation. To the extent that this is not provided for, the Bill is premature. That position should have been taken into consideration before any provision was made for a workers' compensation fund. There has been a tremendous amount of propaganda in the older countries in regard to the protection afforded to employees in workshops. The means that are instituted, and the methods of instruction and illustrations that are placed before the employees, are of a most elaborate character. The idea of the employer is naturally prompted by a desire to reduce the charges upon his institution, that may call upon him to protect the health of his employees and save them from accident. That being the case, it is surely reasonable to suggest that if the proposed board be given control of this field of Government activity, they must take into consideration the cost of such policing in fixing the rates for workers' compensation. It is obvious that an employer who takes precautions to safeguard the health of his employees and to prevent them from accident, is entitled to a better rate of insurance than the man who neglects his duties and simply lives up to the bare requirements provided by the law. Under existing conditions, however, both men have to pay the same rate of insurance, whether or not one employer is more conscientious and more regardful of his duties towards his men than is another.

Hon. Sir William Lathlain: And what about fire insurance?

Hon. H. SEDDON: If it is good enough for the State to have a fund to provide for efficient fire equipment—to such fund three parties contribute, namely, the fire insurance companies, the Government, and the local authorities—surely when the Government are drafting a Bill to cover workers compensation, they should also take into consideration the responsibility of the various activities that are concerned in workers' compensation. Another criticism, and as I think a legitimate criticism, which might be fairly advanced against the State Insurance Office, is that such an office undoubtedly is open to serious restrictions. When speaking on the question of State insurance some time ago, I said there were strong arguments in its favour. At that time I was much predisposed in favour of it. But I pointed out that insurance companies, operating as they do in various countries, thereby not only spread their risks but also their funds; so that should there be a disaster in any particular country, they can draw upon their resources in other fields of operations to meet any charges coming upon them. One can well understand that a State Insurance Office covering the risks of coal mining, and encountering, let us assume by way of illustration, such an accident as happened in New South Wales some years ago involving the loss of the lives of 500 men, would find itself faced with such a sudden demand for cash as to create a critical situation in times like the present. There is also the question of the investments of insurance companies. At present insurance companies, as I say, spread their investments, and if the securities of one country depreciate so seriously that realisation of them would involve heavy loss, such companies would be able to sell the securities of other countries and meet demands without encountering such loss as would result at the present time from selling Australian bonds.

Hon. Sir Edward Wittenoom: Where have Lloyds invested their funds?

Hon. H. SEDDON: I understand that Lloyds, like other insurance companies, have various classes of investment in various countries.

Hon. Sir Edward Wittenoom: Have they any in Australia?

Hon. H. SEDDON: The hon. member is asking me to speak for Lloyds. I can only speak from general knowledge of the insurance situation when I say that insurance

companies spread their investments over all nations reaching the standard of safety that is necessarily demanded by companies of that description.

The DEPUTY PRESIDENT: Order! I would remind the hon. member that it is not incumbent upon any member to reply to interjections.

Hon. H. SEDDON: That, Sir, may be a real advantage sometimes.

Sir Edward Wittenoom: Perhaps the hon. member cannot reply.

Hon. H. SEDDON: In considering the question of establishing the insurance fund at the Treasury, may I suggest an amendment for consideration? We might pass this Bill for the establishment of such a fund with a proviso that the measure will come into operation after the Government have balanced their Budget.

Hon. J. Nicholson: A splendid idea! It ought to be welcomed by the Minister.

Hon. H. SEDDON: An advantage arising from the proviso would be that we would be completely reassured as to the Government's capacity to handle trust funds if they achieved such a desirable result, thereby showing that they were to be trusted with an income of this large amount coming to their hands every year. I wish briefly to refer to the insurance side of the question. Reference has been made to the State Insurance Office, and the tables placed before hon. members show the results of that office, to which I shall allude later. At present I desire to draw attention to the compulsory clause of the Bill. Under the previous Bill there was to be compulsory insurance, and a penalty was provided in cases where action to insure was not taken by the employer. Unfortunately, there have been more instances than one in which the employer has neglected to effect insurance; and I know of at least one case where, after a man had died as the result of an accident, his relatives found that the employer had neglected to insure, and that as he was a man of straw there was no chance of obtaining anything in the way of compensation from him. This Bill re-enacts the compulsory clause, and provides for the making of returns by the employer in that connection. Our experience with regard to income tax assessments, however, is such that we cannot be by any means certain that all employers will take the trouble to

render returns under the Bill. In fact, our experience in that direction indicates rather the reverse. There is every indication that many persons who should justly pay income tax are escaping their responsibilities. Under this insurance scheme, too, I can quite imagine numerous employers, especially those whose are in embarrassed circumstances, trying to evade their responsibilities in the way of making returns, hoping that luck will stick to them and that they will escape this charge. Moreover there is, unfortunately, in the minds of the general public an attitude of antagonism to paying anything to the Government if they can possibly avoid it. That attitude will not be in any way modified by the penalty which the Bill provides.

The Minister for Country Water Supplies: You referred to an employer who was a man of straw. In that case the employee would be covered under the Bill.

Hon. H. SEDDON: Exactly.

Hon. G. W. Miles: Who would pay for it?

Hon. H. SEDDON: The Bill puts a premium on dishonesty to the extent that if an employer manages to evade his contribution to the fund he escapes responsibility, and that if anything happens to one of his employees, the employer is simply fined £50, if he cannot pay the compensation. The compensation will then have to be paid by other contributors to the fund.

Hon. J. Nicholson: If the department found the employer had not the money, they would not go to the expense of either suing or prosecuting him.

Hon. H. SEDDON: From that aspect the penalty imposed by the Bill on the employer does not meet the case. I would suggest that a penalty be introduced here which would make the employer anxious to pay. Just by way of suggestion, again, I offer the idea that if we made the penalty that the employee could claim double wages after the first week unless the employer showed him the receipt for workers' compensation insurance, it might have a marked effect.

Hon. E. H. Harris: Then the union secretaries would police the payment of premiums to the Government.

Hon. H. SEDDON: It is quite probable that they would. The Bill is going to create a state of affairs in which the employee will find it to his advantage to

see that he is insured, whilst under the present system he frequently goes along glad to get a job, and is rather anxious to know whether the employer will tolerate his asking the perfectly justifiable question as to insurance. If the employee could refer the matter to his union secretary, and if the employer knew he was liable to this penalty in the event of his not taking the necessary precaution, the situation would be better.

Hon. V. Hamersley: The difficulty is to find employers.

Hon. H. SEDDON: One cannot face the present situation without realising that many men out of employment are only too anxious to do anything at all that will bring them remuneration and thus help them to meet their responsibilities.

Hon. G. W. Miles: If they are allowed to work!

Hon. H. SEDDON: That is another aspect I wish to deal with before passing from this point. The fund demands payments from all classes of employers. I take it that farmers will be included under that heading. The present situation is that in a good many cases the farmer has had to have his rent suspended and also his interest suspended. The Government have had to undertake either to suspend those payments or to meet them for the farmer. If he is unable to meet those charges, I suppose he will be unable to meet insurance charges. Therefore, I take it, the Government will have to be responsible either for suspending insurance payments by the farmer, or for finding the necessary funds to enable him to make them. In the circumstances it is possible that the income from this source will not be as large as the Minister leads us to expect.

The Minister for Country Water Supplies: You are assuming that employees should not be protected?

Hon. H. SEDDON: I am not discussing the question of protection of employees at all. I am simply discussing the question of contributions to the fund by employers; and I am indicating that where the farmer is unable to pay his insurance premium under the scheme, the Government will be responsible either for meeting that contribution, or for any charges which may come upon the fund through the employees of the farmer suffering accidents.

Hon. G. W. Miles: The Government will assess the other employers, instead of the payment coming out of general taxation.

Hon. H. SEDDON: Now I wish to pass to the point of the constitution of the fund. The constitution is, as I have said, distinctly a monopoly. Under the Bill as it has been placed before us, there is no provision whereby insurance companies will carry on this class of insurance. The constitution, therefore, will possess all the disadvantages of a monopoly. From that aspect I should like the Minister, when replying, to indicate whether he considers it sound practice to establish a monopoly, and a Government monopoly at that, in any field of activity. This monopoly is to collect premiums at fixed rates, and rates entirely unencumbered by competition. There is also a clause which provides that if the monopoly makes a mistake for the year, it can issue a second rate. Thus an employer may find himself assessed twice over as regards the rate.

Hon. J. Nicholson: Yes; and the action can be repeated twice or thrice.

Hon. H. SEDDON: It appears to me that the Bill constitutes a monopoly with all the factors making for inefficiency. After all, is there any worse cause for deterioration in any institution than that of making it a monopoly? Tables showing the operations of the State Insurance Office have been placed before hon. members, and also tables showing the operations of the insurance companies. These tables are certainly enlightening. A very good case indeed has been made out for the State Insurance Office as regards cost of administration, which in the case of that office is very low indeed. In introducing the Bill the Minister indicated that there might be a considerable increase in the cost of operation, and I think we may take it that the forecast is correct. But it appears to me that certain factors have not been taken into consideration in the compiling of the tables. At the present time, insurance companies dealing with accident insurance cannot wind up their accident business during the year in which the premium is paid. The way in which the thing works out is this: assuming that a company issues an insurance policy, obviously the company is liable in respect of that policy during the 12 months of its currency. Under the Third Schedule to the Workers' Compensation Act a company also takes on the liability for 12 months prior to the date of the insurance. Obviously, under the provisions of the Bill the employer is liable during any time 12

months prior to the date of the accident. The Third Schedule claims are dealt with as accident payments. Assuming that a policy were taken out on the 1st January, the company have to accept responsibility for the full 12 months. If an accident occurred on the 31st December of that year, a considerable time would elapse before the claim was completed. The circumstances surrounding the accident may involve litigation. The company would be debarred from finalising their accounts for that particular year. The case would have to be fought out and a decision finally arrived at. It could easily be that 12 months after the accident occurred, the company would only then be in a position to finalise their figures in regard to the previous year's business. As a matter of fact, that would mean that it would be in the third year that the company would be able to say what results had attended the operations for a given year. I want to know whether the State Insurance Office, in compiling the figures that have been placed before us, allowed for any such contingency.

Hon. G. W. Miles: Of course they did not.

Hon. H. SEDDON: If not, I do not think the figures can be regarded as quite fair. On the other hand, if allowances were made for the contingency I have indicated, then the figures go a considerable way towards substantiating the claim that the State office can compete with outside insurance companies. Another important phase relates to the revision of the rate book. The Bill provides for that, and I think it is important and offers considerable possibilities, with the proviso that the revising authority should not be directly concerned in the class of business he is dealing with. Obviously, if he is, the position regarding rates will be materially affected by his direct interests. There is a strong argument indeed for the establishment of a board that would undertake that task; and from that point of view, the Government have introduced a principle that is worthy of careful investigation by the House. I understand that the method adopted in revising the insurance rate book is that the work is undertaken by the insurance underwriters in the light of their experience, and the rates are varied accordingly. One can well imagine a board constituted with the Government Actuary on it, having all the necessary data made available and

being required to revise the rates from time to time, could materially control the cost of insurance under the Employers' Liability Act and the Workers' Compensation Act. I say that, and add the proviso that the Government Actuary must be given the necessary time and assistance to allow of the work being properly carried out. Governments come and go, and Governments may be confronted with varying conditions of finance. Unfortunately some Government's ideas of economy amount simply to parsimony. Anyone who knows anything about political control of Government activities is aware that a staff may be seriously starved in carrying out their tasks.

Hon. Sir Edward Wittenoom: Do they ever go in for extravagance?

Hon. H. SEDDON: Officers may be desirous of carrying out their duties properly, but are hampered with routine work when they should be free to undertake duties in a higher capacity. It is quite possible, in those circumstances, that a Government might seriously embarrass their employees, and therefore the Government Actuary, who is in charge of this class of work, may not find adequate time at his disposal for the work of revising the insurance rate book, which covers some hundreds of quotations. Then again, inspectors will have to be appointed to see that employers comply with the provisions of the Act, and that will represent an additional cost to the fund. My conviction is that the best results in the field of commercial activity are obtained by free competition. Had the Bill been drawn up so as to permit the insurance companies to quote for all classes of insurance business, the board to exercise more or less the function of a policing authority, with material results to be anticipated in the reduced cost of insurances, the Government would have been more justified in placing such a measure before the House. Free competition is the soul of business. A very considerable accusation lies against the insurance companies if the assertion that they are not prepared to quote for all classes of business, is correct. If the companies are to demand the right of free competition, it is obvious that they, on their side, must be prepared to quote freely for all classes of business offering. Unless that condition exists, it must militate

against their claim that they should participate in this class of insurance. It has been alleged that there is more or less of a ring in connection with insurance business. On the other hand, I am given to understand there is one company, not included within that ring, undertaking insurance risks. The State Insurance Office quotes rates considerably lower than those fixed by the insurance companies. In those circumstances, I can quite imagine, if there were free competition among the companies, any substantial company registered in accordance with the law and having the necessary funds at their disposal, should be allowed to quote for insurance risks. I think we would conserve the interests of all concerned best if we secured that free competition and got rid of the suggestion for a monopoly. There is one other phase that has been referred to. It has been said that frequently the workers have been guilty of exploiting the fund. My experience of the worker is that he is just like any other type of man. You will find just as many conscientious men among the workers as you will in any other section of the community. To make a broad assertion that employees generally have engaged in exploiting the fund would be as unjust as if we were broadly to claim that all employers sought to evade their responsibilities towards their employees. There is one possibility that we must bear in mind, and it is that a man may submit a claim arising out of an accident he has sustained. Being a member of a friendly society, he may receive payments from that body. That is a position that has long been recognised, and it is time it was remedied. It is obviously unfair that a man should be able to claim from half a dozen sources at the one time. It is within the power of the Government to amend the Bill to obviate such a position. Reference has been made to the position of some medical men and hospitals, the suggestion being that they too have exploited the fund. I have before me a statement that I will disclose to the House. It shows the way in which compensation payments have been distributed in some instances, and, in the light of such results, we can readily understand the attitude adopted by the insurance companies when they have claimed that they have been exploited. I will relate the position arising



out of an accident in which three men—I shall not give names, but shall refer to them as “A,” “B” and “C”—were injured in an explosion through the bursting of a lamp. The cost to the company proved interesting. In “A’s” case, the doctor received £9 12s. 8d., the hospital £10 7s., and the patient £10 10s. In “B’s” case the doctor received £11 2s. 8d., the hospital £13 16s., and the patient £5 7s. In “C’s” case, which was a more serious one, the doctor received £40 2s. 2d., the hospital £51 5s. 6d., and the patient £22 10s.

Hon. E. H. Harris: In the instances you have quoted, were the hospitals those in which the medical men themselves were interested?

Hon. H. SEDDON: I am not in a position to say just now whether that was the position. It will be seen that in the instances I have quoted, the total amount involved was £175 11s., of which the doctors received £60 17s. 6d., the hospitals £75 6s. 6d., and the patients £38 7s., or 21.6 per cent. of the total amount paid. If we regard those cases as typical, is it to be wondered at that the insurance companies, when approached by the Minister, made use of the expression that they had been mercilessly exploited by the medical profession?

The Minister for Country Water Supplies: Then you will support the Bill?

Hon. H. SEDDON: I have pointed out instances in which the medical profession, to use a vulgarism, have slugged the insurance companies, and that the board proposed to be set up could deal effectively with such a state of affairs. That being so, that phase justifies hon. members giving it serious consideration. From that standpoint, the Government have established a sound case in favour of the establishment of the board, even though their case for the setting up of a Government monopoly is not quite so sound. To lend point to the significance of the figures I have quoted, may I narrate a short story to hon. members? A man was working on a building when a brick fell from the roof and struck him on the head. He was seriously incapacitated, but after he had recovered, he took action to secure compensation for the injuries received. He went to his lawyer who took the case into court, and recovered £150 for his client. When the man went to secure a settlement, he received £30 in full payment.

Hon. J. Nicholson: Are you quite sure that that is correct?

Hon. H. SEDDON: I am telling the story. On making a protest, the man was assured that it was right. He protested against the unequal distribution of the proceeds, and said to the lawyer, “I wonder who got that brick; you or I?” Applying that story to the figures I have related, I am just wondering who secured the best return—the patients who received 21.6 per cent., the doctor or the hospital.

Hon. J. Nicholson: There are some interesting tables that could be used as illustrations.

Hon. H. SEDDON: That story has a direct application to claims that are made by injured workers under existing conditions. On the other hand it is argued that the medical profession are no more entitled to be called upon to do work in the cause of charity than any other person. It is argued, too, that hospitals that render a public service are entitled to compensation for work done for patients covered by the Workers’ Compensation Act. From that point of view I can readily realise that a board, constituted as the proposed board will be, would render valuable service to the community in adjudicating as to what would be a fair thing to pay in the case of accidents and claims, and would conduct considerable organising work in regard to dealing with various forms of medical treatment. The Bill provides that the board shall fix rates. In other words this is a distinct form of price-fixing. Price-fixing has not been recognised as an unmixt blessing by the commercial community, either here or in the other States. There is that aspect of the case to be considered when constituting such a board; for after all their fixing of the rates will be a form of price-fixing of the rates will be a form of price-ously considered when such powers are to be given to the board. The State is in this position, that owing to certain forms of insurance at present being undertaken by the State office, I cannot see how it can be suggested that we should abandon State insurance. In that connection I wish to refer to the risks in the Third Schedule. There has been a good deal of controversy regarding the refusal of the insurance companies to quote for Third Schedule risks. I should like to make a little review of the position which has existed between the Government on the one hand and the insurance com-

panies on the other. When workers' compensation insurance was made compulsory the then Minister endeavoured to get the companies to quote for Third Schedule risks, particularly in point of miners' phthisis. The companies asked for certain data, and have since contended that that data was not supplied. Naturally then they took up the attitude that it was impossible to make any quotation unless they had available all the necessary data on which to base their assessments. That position might well be revised at the present time, since we now have five years' experience of the operations of the laboratory at Kalgoorlie. As a result of those operations there must be considerable data available which will be of great value to the Government Actuary in making assessments as to the rates to be charged for miners' phthisis insurance. In those circumstances it is possible that the companies may now be prepared to quote for Third Schedule risks, provided such data be made available to them. The rate of 4½ per cent. imposed by the State Insurance Office is evidently considered by the Government Actuary adequate to meet contingencies in connection with insurance. I take it that the Government Actuary, a responsible officer, if he had not considered that rate was adequate, would have said so. On the other hand, we have the statement by the Minister that from the reserve fund which has been compiled in connection with insurance under the Third Schedule of the Workers' Compensation Act £10,000 has been handed over to the Government to enable them to meet miners' phthisis claims. Regarding these Third Schedule risks, I ask this question: Is a certainty a risk? Because from the knowledge we have had made available to us regarding the effects of dust on the lungs it is a certainty, having the experience of South Africa and of this State, that a man is going to be affected by dust if he remains in the mines for any length of time. Dr. Nelson's report effectively disposes of all opposition to that contention. He points out that while a man who has been five years in the mines may not be materially affected by dust, when it comes to a man who has been 15 or 20 years in the mines the incidence of dust is very marked indeed. In those circumstances is it the intention to contend that this is an insurance risk? Would it not rather justify the contention, raised year after year in this House by goldfields mem-

bers, that the question of providing for dusted men is not altogether a question of insurance, but rather one for the creating of an adequate provident fund. I would say the Government in retaining the Third Schedule of the Workers' Compensation Act are committing a grave injustice, because the whole question of miners' phthisis and dust and provision for compensation is one that is overdue for review. I understand the Government are contemplating the bringing down of legislation to make provision for those men, and so I think the Bill before us might very well have been delayed until the other Bill had been introduced, and that the Government would have done right by transferring the dusted men to the new scheme, which would provide for dealing with the situation as a whole. I am raising these points because I take it the Minister when replying to the debate will deal with all the various aspects of the Bill. There are other diseases which are largely attributable to the occupation of the victims. Some of those diseases can be prevented by the taking of adequate precautions. In those circumstances any employer in whose factory such industrial diseases occur is rightly responsible for the compensation of the workers concerned. The whole question involves other aspects than that of damage to the employee; the whole thing requires to be approached from different viewpoints. In conclusion, I think the arguments I have raised in support of the Bill, and those I have raised in condemnation of it, are well worth considering. I will await with great interest pronouncements on the points I have raised, and by those pronouncements I will be largely guided in the decision I make regarding the second reading.

On motion by Hon. Sir Charles Nathan, debate adjourned.

## **BILL—STATE MANUFACTURERS DESCRIPTION.**

### *Recommittal.*

On motion by the Minister for Country Water Supplies, Bill recommitted for the further consideration of Clauses 3, 6, 11 and 13, and the insertion of a new clause. Hon. J. Cornell in the Chair, the Minister for Country Water Supplies in charge of the Bill.

Clause 3—State mark of origin:

The MINISTER FOR COUNTRY WATER SUPPLIES: When the Bill was under consideration in Committee the other day Mr. Harris thought this clause as printed was not adequate, and Mr. Mann suggested amendments. To meet the wishes of both those members, and to make the Bill more workable, I move an amendment—

That in line 2 of paragraph (a) "wholly" be inserted before "produced."

Amendment put and passed.

The MINISTER FOR COUNTRY WATER SUPPLIES: I move an amendment—

That in line 2 of paragraph (a) "wholly" be inserted before "manufactured."

Some of the component parts of an article otherwise manufactured in this State may have been imported, in which case, of course, the article was not wholly produced in Western Australia.

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

Clause 6—Offences:

The MINISTER FOR COUNTRY WATER SUPPLIES: I move an amendment—

That in lines 1 and 2 of paragraph (a) the words "produced or manufactured out of Western Australia" be struck out, and "not wholly produced or wholly manufactured in Western Australia" be inserted in lieu.

The CHAIRMAN: The matter will be simplified if the Minister will move to insert after "goods," in the first line of paragraph (a), the words "not wholly" and after "or" at the end of the same line the word "wholly." Then the paragraph will read, "(a) No person shall sell, offer, or expose for sale any goods not wholly produced or wholly manufactured out of Western Australia, etc."

The MINISTER FOR COUNTRY WATER SUPPLIES: I will submit the amendment in that form.

Amendment put and passed.

The CHAIRMAN: Paragraph (b) will be consequentially amended.

Clause, as further amended, put and passed.

Clause 11—Powers of inspectors:

The MINISTER FOR COUNTRY WATER SUPPLIES: The words "letters and documents" were struck out of paragraph (d) when the Bill was previously before the Committee. It is very important that the words should remain, and unless they are included in the clause, the duties of inspectors will be rendered practically useless. As a safeguard, I intend to move a new clause, so that members need have no fear regarding formulas. I shall read the view of the Department on the subject—

The deletion of the words "letters and documents" from lines 5 and 6 will have the effect of rendering it most difficult to obtain evidence relating to the manufacture of the articles or goods in respect of which investigations are being made. I take it that it is intended that the books and vouchers which inspectors will be empowered to examine are the books of account and monetary vouchers relating thereto, and it is probable that in many instances these would not disclose the place of origin or the quality of the goods in respect of which a standard may have been prescribed, and in order to enable that information to be obtained for the purpose of safeguarding the interests of the purchasing public, it seems to be essential that power to examine other documents relating to the manufacture and place of origin should be retained in the Bill.

It is obvious, therefore, that an officer must have power to examine documents, or there will be no chance of properly administering the Act. The absence of the words will destroy the usefulness of the measure. I move an amendment—

That in line 5 of paragraph (d) the word "and," inserted at a previous sitting, be struck out and "letters and documents" inserted in lieu.

Hon. J. T. FRANKLIN: After having heard the department's letter read, it might be advisable to agree to the words being re-inserted. My object in moving at a previous sitting to strike them out was to protect the formula of a manufacturer. I do not contend that inspectors are remiss in their duties, or that they would give away secrets, but it must be realised that these matters have to be properly protected, and formulas should be strictly confidential. If we have the assurance of the Minister that formulas will be protected, I shall offer no objection to the re-insertion of the words.

Hon. G. FRASER: Mr. Franklin need have no fear about the safety of formulas.

If it was intended that a formula had to be produced, I should say that the word "formula" would have been included in the paragraph. I feel certain that no court would uphold a prosecution for failure to produce a formula, seeing that there is no reference to it in the clause.

Hon. J. NICHOLSON: Mr. Fraser is taking a rather brighter view of the position than I would be inclined to take. A formula would apply more particularly to chemicals.

Hon. Sir William Lathlain: Also to sauces, perfumery, etc.

Hon. J. NICHOLSON: Yes. A formula that comes under the Health Act is safeguarded, but this is quite a different matter. A manufacturer might have papers of a more or less secret nature, and an inspector could demand their production. It is possible to go too far in investing inspectors with such powers.

The MINISTER FOR COUNTRY WATER SUPPLIES: I think that Mr. Franklin has read Clause 5, but that Mr. Nicholson has not. By regulation a standard will be set for certain articles, and when that is established, how will an inspector know that the articles comply with it unless he is able to see the documents?

Hon. J. Nicholson: By examining the articles.

The MINISTER FOR COUNTRY WATER SUPPLIES: Unless the words "letters and documents" are included, an inspector would have no power to ensure that the quality was what was claimed for the articles. Further, it would be quite impossible for inspectors to deal with unscrupulous traders.

The CHAIRMAN: If members read Clause 5, I think they will conclude that the insertion of the word "wholly" is as essential there as in the other clause. Notice has been given of a proposed new clause prohibiting an inspector from wrongfully disclosing any information acquired in the exercise of his duties. Instead of taking the form of a new clause, that provision should be inserted to stand as Subclause 2 of Clause 11, which deals with the powers of inspectors.

Hon. J. Nicholson: It would be better as a subclause to Clause 11.

The CHAIRMAN: In the circumstances, I suggest that progress be reported to enable the Minister to consider those matters.

Hon. E. H. GRAY: I am surprised that members of the Chamber of Manufactures have not busied themselves about this clause. Competition with the Eastern States must become keener in the manufacture of such goods as biscuits, cakes and confectionery. Experts are employed to devise new lines, and it would be a great saving if a competing firm could obtain from an inspector details of what rivals were doing. Knowledge of the ingredients of an article would not be necessary to determine whether it complied with the grade. We should not give an inspector authority to demand the production of any recipe or formula.

Progress reported.

*House adjourned at 6.10 p.m.*

## Legislative Council,

*Tuesday, 7th July, 1931.*

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

### QUESTION—CAVES HOUSE, RE-BUILDING.

Hon. G. FRASER asked the Minister for Country Water Supplies: As the Government have received a sum of £2,176 insurance on Caves House, which sum has been placed to the credit of a trust account, and as they also have large reserves of timber at the State Saw Mills, will they commence rebuilding the Caves House immediately, in order to relieve unemployment among artisans?