Legislative Assembly.

Thursday 2nd October, 1947.

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

QUESTIONS.

STATE SHIPPING SERVICE.

As to Slipway Facilities at Fremantle.

Hon. J. B. SLEEMAN (on notice) asked the Premier:

(1) Is he aware that the submarine "Narwhal," which was 370 ft. long and 3,000 tons deadweight, draft at slipping 19ft. 5in. forward and 15ft. aft, was slipped on the Fremantle slipway?

(2) Is he also aware that the "Islander," with 49ft. 9in. beam, 235 ft. long and 1,910 tons deadweight, which is a much greater load per foot of cradle than 2,000 tons spread over full cradle, was slipped at Fremantle?

(3) If he is not aware, will he have full inquiries made?

(4) If he is aware, will he see that the "Koolinda," which is 330ft. long and 50ft. beam is slipped at Fremantle and the work done by our workmen, who are entitled to it?

The PREMIER replied:

(1) On the 30th December, 1943, the submarine "Narwhal" was part slipped as a war emergency, attention being urgently required to examine propellers, shafts and tubes. Careful calculations were made and only a 2,000 ton load was brought up, the vessel being landed stern first and hauled up to a draught of 4 feet 3 inches aft and 10 feet 7 inches for'd. Several hours were lost in waiting for suitable tide for this to be done. Servicing was done from punts alongside. The length and deadweight given are correct but the vessel was only lifted at the stern out of the water enough to enable the essential work to be carried out, and only two-thirds of the total deadweight was carried and hauled, the balance being waterborne.

Partial slipping, such as in the case of the "Narwhal," would not enable the repairs, scraping, etc. of the "Koolinda" hull to be carried out as is required and as can only be done by complete docking.

(2) The "Islander" was slipped on the 18th February, 1947, and is 235 feet long but 41 feet 9 inches beam, not 49 feet 9 inches as stated. Her deadweight tonnage is 1,910 tons.

The cradle is designed to take loads such as would be met in a vessel of 2,000 tons and no vessel has any even distribution of weight throughout its length.

(3) Answered by (1) and (2).

(4) Answered by (1).

RAILWAYS.

As to Delay in Constructing Meltham Station.

Mr. GRAYDEN (on notice) asked the Minister for Railways:

(1) Will he give the reason why construction of the Meltham Station, between Bayswater and Guildford, is being held up?

(2) Will he advise approximately when it is expected the station will be completed?

The MINISTER replied:

(1) Shortage of labour and material.

(2) The 30th May, 1948, subject to issue of building permit and a satisfactory tender being received for performance of the work.

SERVICEMEN'S LAND SETTLEMENT.

As to Comments by Minister for Lands.

Hon. A. H. PANTON (on notice) asked the Minister for Lands:

(1) Does he recall his statements made on the 13th August, in which he expressed

the opinion that the War Service Land Settlement Scheme was based on sound foundations and likely to give ex-Servicemen every chance of success?

(2) Does he further remember stating that there had been no alteration in the policy or methods adopted by him during the last six months under the Commonwealth-State Agreement in regard to the preparation of farms and the placing of ex-Servicemen on farms?

(3) Was the disjointed account of his speech made at the R.S.L. Congress and reported in "The West Australian," a reliable comment on what he stated?

(4) What does he mean by his alleged statement that "all was not well with the scheme, but he was not looking for scapegoats"?

The MINISTER replied:

(1) Yes.

(2) Yes.

(3) If the hon. member will explain what he means by "disjointed account," I will endeavour to answer his question.

(4) Information at the disposal of the Government indicates that changes will be necessary if the scheme is to be expedited and these, after conference with the Federal Director on the subject, are to be the subject of investigation and probably of an amended system of administration.

COLLIE COAL GASIFICATION.

As to Re-engagement of Mr. F. C. Fox.

Mr. MAY (on notice) asked the Minister for Industrial Development:

(1) Is he aware that Mr. F. C. Fox, A.I.S.E., who was previously engaged in the gasification of Collie coal by the Department of Industrial Development, has not been re-engaged?

(2) Is it his intention to re-engage Mr. Fox on this important work; and if so, when?

The MINISTER replied:

(1) Yes.

(2) No. The work on which Mr. Fox was engaged is finished, and he will not be re-engaged unless special circumstances arise which make it desirable.

Payment of an additional £250 honorarium to Mr. Fox has recently been approved, over and above the amount authorised by the original arrangement made by the previous Government.

GALVANISED PIPING.

As to Sale by Disposals Commission.

Mr. CORNELL (on notice) asked the Minister for Works:

(1) Is it correct that 26,000 feet of four-inch piping was recently offered for sale by auction by the Disposals Commission?

(2) If so, was the piping suitable for use in the extension of existing country water supply branches?

(3) If the piping was available and suitable for the purpose mentioned, did the Department of Public Works acquire any thereof?

The MINISTER replied:

(1) No.

(2) Answered by (1).

(3) Answered by (1).

Disposals were consulted and advised that there had been no recent sale of 26,000 feet of 4 in. piping. There was, however, offered for sale recently 2,000 feet of 4 in. Fibrolite piping at Beelerup. This was required by the Flax Production Committee and was withdrawn from sale. The Fibrolite piping was in the ground and would not have been suitable for purchase.

OATS.

As to Bag Costs and Bulk-handling.

Mr. CORNELL (on notice) asked the Minister for Agriculture:

(1) In view of the exceedingly high cost of new bags and the increasing difficulty in procuring suitable used ones, has any consideration been given to the handling of oats in bulk?

(2) If so, how far has the matter progressed.

(3) If not, is it intended to take any action in this connection?

The MINISTER replied:

(1) I understand that various approaches have been made to Co-operative Bulk Handling Limited by individual growers and growers' organisations at Bruce Rock, Beacon, Koorda, Meckering, Kellerberrin and Kodj Kodjin regarding the handling of oats

in bulk and that that company stated that they could see no physical difficulties that could not be overcome. The company further indicated its willingness to help and referred the matter to the Australian Barley Board. The Australian Barley Board, which is a Commonwealth body with its offices in Adelaide, did not make any arrangements.

(2) Answered by (1).

(3) The matter is really one for the Australian Barley Board.

SWAN RIVER.

As to Declaring Building Line, Causeway-Guildford.

Mr. GRAYDEN (on notice) asked the Minister for Lands:

In view of the fact that there are areas of high ground on the banks of the Swan River between the Causeway and Guildford which are becoming increasingly likely to be built on, will he give immediate consideration to having a building line declared along the river bank between the Causeway and Guildford for the purpose of reserving the area for future beautification and the possible construction of a riverside road and park?

The MINISTER replied:

I will inquire into the position.

BILLS (3)—THIRD READING.

1, Law Reform (Contributory Negligence and Tortfeasors' Contribution).

2, Milk Act Amendment.

3, War Relief Funds Act Amendment.

Transmitted to the Council.

BILL—WHEAT MARKETING.

Message.

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

MOTION—KOOLAN ISLAND IRON-ORE.

As to Processing Within Western Australia.

Debate resumed from the 24th September on the following motion by Hon. A. R. G. Hawke:—

That in the opinion of this House the iron-ore deposits at Koolan Island should be exploited only for the purpose of processing the ore within Western Australia or for purposes calculated to lead to the establishment of a fully integrated iron and steel industry within the State in the reasonably near future; also that Parliamentary approval should first be obtained before any proposal is approved simply to export the ore from the State for processing in some other State or country.

THE MINISTER FOR INDUSTRIAL DEVELOPMENT (Hon. A. F. Watts—Katanning) [4.40]: The Government has little to say in objection to the intent of the motion. Broadly speaking, its terms embody the general principles on which the Government has been working in regard to the iron-ore deposits at Koolan Island. But a considerable history attaches to the negotiations which have been going on for a long time, and it will be necessary for me to make reference to some of that history this afternoon before I move an amendment, which I have in mind, to the motion. I would say at this stage that these negotiations were, with one section of those concerned, carried on by the preceding Government for something like three and a half years, and for the last five months by the present Government, with the same person and on the same basis. That basis was a confidential one, and in consequence it has been difficult, if not impossible, to acquaint the public hitherto as to the position. But upon the moving of this motion, and because of the progress achieved in the more recent negotiations, an approach was made to the gentleman in question, as to whether it would in any way be detrimental to his further activity in the matter, or to the progress of the scheme, if publicity were given to an outline at least of all that had taken place.

After a discussion on the matter, it was decided that it would be advantageous at this stage, rather than detrimental, that some such public statement should be made. What I shall say this afternoon, in reference to that aspect of the matter, is now able to be said, relieved of any necessity for the preservation of complete confidence. More recently, however, negotiations have taken place with Messrs. Brasserts Ltd., who, over a considerable period of years, have been the holders of leases Nos. 29 to 35, which comprise the Koolan Island deposits. Originally, as it will be remembered, the conditions under which those leases were taken up were the subject of debate in this House. At that time an

arrangement had been entered into by the Government, which was then in office under the Premiership of Hon. J. C. Willcock, and the then Commonwealth Government, the head of which at the time I do not remember, by which an embargo was imposed upon the export of iron-ore from Australia. There was some conflict of opinion, on both sides of this House, as to the desirability of that embargo being imposed entirely, the view being expressed that some modification of it—although by no means the cancellation of it—was, in 1938 when the debate took place, justified.

The Premier: The Prime Minister at that time was Mr. Menzies.

Hon. A. R. G. Hawke: I think it was the late Mr. Lyons.

The MINISTER FOR INDUSTRIAL DEVELOPMENT: I am by no means certain, but it does not very much matter. The point is that the Commonwealth Government imposed that embargo which, in the minds of some people was completely justified, in the minds of others there was some justification for it, and in the minds of a very few there was no justification at all. In the net result, it prevented any development of the leases in question being undertaken and it appears that continued exemptions from working conditions were granted from that time almost to the present day, and the Koolan Island leases have remained in the possession of Messrs. Brasserts Ltd. A considerable amount of work, particularly in the earlier stages, was done on them, but it was, as I understand the position, nullified by the enforcement of the embargo. So we come to the 31st August of this year when the final exemption, which had been granted to Messrs. Brasserts Ltd., against the working conditions being complied with, expired, and the question of what should be done with the leases became a pressing one; and that is where the real point of my remarks on this motion must come in. Some difficulty had undoubtedly faced the previous Government.

If any Western Australian activity was to be indulged in, in regard to the creation of an iron and steel industry, based on ore to be taken from this place, it was quite clear there would have to be some arrangement whereby the iron-ore to be obtained from these leases could be readily available to that industry. The previous Government had been negotiating with a gentleman named Robert S. Conrow, an American citizen, who, however had resided for some 18 years in Australia and had been the managing director of an important steel industry in the Eastern States, and a director of another concern. He undoubtedly has had vast experience in this industry both in the United States of America and in the Eastern States of Australia. He is a man of obvious capacity, ability and knowledge, who, it became quite clear to me after some negotiations with him, could be trusted to give the best possible opinion within his knowledge on any problem submitted to him. So, in conjunction with the Department of Industrial Development, and its Director, Mr. Norman Fernie, and the Ministers who were in charge for the earlier period and the later one respectively, these negotiations have been conducted.

After several years of exploratory work it appears that these proposals culminated in a provisional agreement with the preceeding Government to establish a steel industry in Western Australia, provided some reputable American steel company pronounced it sound by agreeing to take a substantial financial interest in it. It was proposed at that time to form a limited liability company with a considerable capital, running up at times to as much as £2,000,000, in which the Government pledged considerable participation up to 25 per cent. The American interests were to contribute to a similar degree. The balance of the capital was to be offered in Western Australia and then for public subscription in Australia. An American steel company was interested in the matter and the question of a barter agreement, with the export of Western Australian ore in exchange for partly finished products, was gone into. That barter arrangement has now even more to commend it than it had a few months ago, in view of the dollar position that has now come more forcibly under our notice.

With that provisional agreement in hand, so far as Mr. Conrow was concerned, but with no final agreement made in regard to any part of it, the election took place in March last, and a change of Government followed. At that time, if I remember rightly, Mr. Conrow was en route between the U.S.A. and New South Wales, and on

his arrival in Australia he communicated with me, as Minister for Industrial Development, seeking an interview which after some delay—of course the papers involved were considerable and one had to look them over and form some opinion—was granted to him, and subsequently he interviewed the Premier and other members of the Government from time to time. He came with another proposition aimed at the same objective, but slightly different in character. I will read a precis of that proposal to the House so that it will be clear on what foundations the negotiations with Mr. Conrow have since been conducted. Mr. Conrow suggested—

The early formation and establishment of a company to fabricate steel products non-competitive with present established industries here, and similar to the business which he had handled when in New South Wales.

I might say that in order to carry out these negotiations and bring them to a successful conclusion, Mr. Conrow had resigned from the position which he occupied in New South Wales and had made himself entirely available for the matter which was being dealt with in Western Australia. He suggested that the first thing the company he now proposed should undertake was a survey and investigation of the resources of the State with a view to establishing the economies of a steel industry in Western Australia. The question had arisen of the possibility of successfully coking Western Australian coal. Some encouragement had been given by the tests that had been made in a small way, but it was by no means clear that on a large scale, and for the successful smelting of iron-ore, coal from local sources could be used. There were suggestions made that at greater depth the coal might be of a more bituminous nature and more readily adaptable to that purpose. There were also questions raised as to whether places other than those where coal was then being mined would perhaps produce coal of a quality that would lend itself more to successful coking. That aspect together with other aspects of investigation elsewhere appeared to me, and to the Government, at that stage to be of the first importance. The proposal was then—

To establish and carry on a steel fabricating industry manufacturing special products not previously produced in Western Australia.

To develop and exploit the iron-ore and coal deposits of the State of Western Australia and to manufacture in that State and sell iron and steel in their various marketable forms.

That a company be established with a nominal capital of £250,000.

That £125,000 of that capital should be offered in the first instance.

That a portion of it should be taken up by the American company.

That the Western Australian Government should take one-fifth of the subscribed capital, namely £25,000.

That the Western Australian Government should undertake to provide £25,000 additional as a loan to be secured upon the assets of the concern.

That the Western Australian Government should make available to the company on reasonable terms a sufficient area of land for the erection of works suitably situated in relation to the deposits of coal and iron ore and road and other means of transport.

which of course will be the subject of further close consideration.

That the Government of Western Australia make available to the company suitable mining leases for iron-ore and coal.

That it should use its best endeavours to arrange for a grant to the company of reasonable concessional railway freight rates for iron ore and other materials required by the company, and use its best endeavours to procure the necessary shipping, docking and harbour facilities, and facilitate the provision of electric power and water and the disposal of waste.

After careful investigation, and in the light of discussion with Mr. Conrow himself, it has been decided to proceed upon those lines. To give effect to that policy the Government has reserved certain coalmining areas in order that there will be no hampering of future progress, and that brings me to the direct question of the Koolan Island iron-ore. I said that Mr. Conrow came to Western Australia some weeks after the present Government was formed. Subsequently he wrote to me, under date the 8th August, 1947, saying—

Bearing in mind that your Government does not wish to treat any reputable company offhandedly or in a manner which might discourage investors from developing your State, and anticipating that your Mines Department may have some difficulty in reaching agreement regarding the Koolan Island leases, I have a solution to offer which I feel accomplishes several things. It is this: Divide the Koolan leases into as near equal parts both as to quantity of ore and desirability of working these as is possible and treat favourably concerning one portion in exchange for the return to the Government of the other half of

the leasehold. It would greatly assist our projected steel fabricating company. If you think favourably of this suggestion I could come across to Perth and work out details with your department and put it in form for presentation to your Government.

The argument advanced by Mr. Conrow appeared to me to be a reasonably sound one, and in consequence the first step taken was to direct that no further exemption be granted in regard to the Koolan Island leases. I think the member for Northam noted that when he perused the file a few weeks ago in the Mines Department. Then upon the arrival, or shortly afterwards, of representatives of Brasserts Ltd. in Australia, the question came up as to how these transactions could best be arranged. Without wearying the House with any minor details of the discussions, I may say it was finally agreed that the Government would state the conditions upon which it was prepared to renew the lease of half the deposits to Brasserts Ltd. These were—

(1) It will not consent to the transfer of leases or any portion thereof to the Broken Hill Pty Ltd., as it is opposed to the creation of a monopoly in the major iron resources of Australia.

So I say that I am in a very similar position to that occupied by the member for Northam a few days ago. I recognise to the fullest extent the extremely valuable work and the extent of the activities of Broken Hill Pty. Ltd. in Australia. I realise, moreover, that had it not been for its earlier enterprise, it is quite probable that our position from a manufacturing point of view when the war situation developed in 1943, would have been much more precarious than it was. I subscribe, as did the member for Northam, in general terms, to the encomiums expressed regarding the work that has been done by the company, but that does not, I think, necessitate my subscribing to any proposal which would be opposed to the condition that I have read. It seems to me that the future is to a large degree unpredictable. In the circumstances, the resources of Western Australia—which the company, that I mentioned earlier is to be formed, will, I hope, first be able to engage itself in—should be conserved as far as possible until we know how to handle them in the future. Until the deposit is developed, I think we can all agree that such a provision as I have read in paragraph (1) of the conditions regarding the lease should be carried into effect.

The next item, which was agreed upon in general terms, was this—

(2) Brasserts themselves or, with the approval of the Government, other interests associated with them, to develop that portion of the leases to be retained by Brasserts and the means whereby and the time within which this development is to commence is to be disclosed as soon as arranged so that Government approval may be sought.

The third item of agreement was—

The State to have the right to obtain its requirements (to be estimated and disclosed) of iron-ore at cost price and the method of arriving at that cost to be agreed.

That is from the half of the lease that it was suggested should be placed in the name of Brasserts Ltd. The next provision was—

(4) No objections were to be raised by the State Government to the export of iron-ore by Brasserts from the portion of the leases developed by them to any part of the British Commonwealth or to the United States of America (subject to No. 3 above).

As members will recollect, the third condition had reference to the fulfilment of the requirements of the State. I said earlier there was more interest today in the dollar position than ever previously, and, therefore it is quite obvious that it might be desirable, if the Commonwealth Government will permit it, to export iron-ore to the United States of America. It might be extremely valuable, if from no other point of view, should we be able to secure in return the machinery necessary to work the deposits. As far as the British Commonwealth is concerned, we are part of it. We know the difficulty confronting Great Britain at present with regard to obtaining iron-ore of a reasonably high quality. Just in the same way as it is our duty to help Britain to maintain food supplies for its population, so within reason is it our duty to assist the Mother Country to maintain its manufacturing industries. If we can, while safeguarding our own affairs, make that contribution, I for one can see no reason why we should not do so. A little later on, after these points had been laid before the representatives of Brasserts Ltd. and they had substantially agreed to them, two questions were put to the Government. These were—

(1) Is this offer final?

To that question we replied in the affirmative. The other question was—

(2) If an iron and steel plant is erected, will the Government be prepared to use its own financial resources on it?

To that we replied that if a satisfactory proposal were submitted, the Government would consider some financial participation. Members will thus see that by no means is the door closed. In fact, I am hopeful that the door is well open for some form of development of the iron and steel industry in Western Australia, even by other interests than these, or perhaps in combination with the interests I have just mentioned, at some future time.

The method proposed for making the division of the deposit is that Brasserts Ltd. shall fix the dividing line and then the State will have the first selection of its portion. In return for the Government granting a further extension of exemption as I have indicated, the agreement will include an undertaking to supply to the State from the company's leases such of our iron-ore requirements as will not exceed 1,000,000 tons in any one year as requested by the State during the currency of the lease.

Hon. A. H. Panton: That is from Brasserts' portion.

The MINISTER FOR INDUSTRIAL DEVELOPMENT: Yes. That iron-ore is to be supplied to the State on the basis of cost price, plus 5 per cent. or at the lowest price Brasserts sell to any other purchaser on a free aboard ship basis, whichever is the lower. The Government's object in these negotiations has been to retain sufficient high-quality iron-ore resources to support, at some future date, a full-scale industry in Western Australia and, in the meantime, to ensure that the Koolan Island deposits are developed on lines that will return something to the State. This motion was moved by the member for Northam in the middle of the period in which the major portion of these negotiations was proceeding. It is proposed that the agreements in question, which are now in course of examination and completion by the Crown Law Department—I have referred to the major items embodied in them—shall be signed during the next few days because the representatives of Brasserts Ltd. propose to leave for England very shortly afterwards. So far as I am concerned, it was necessary that an explanation of this matter should be made in the House before these agreements were finally completed.

It will be necessary—and now I turn again to the Western Australian company which is being founded through Mr. Conrow—to bring down legislation at a subsequent date to authorise the State to take shares in the company and to authorise certain other aspects of the agreement that need legislation, I understand, before they can be lawfully and effectively carried out. While I attach very great importance to the formation of that company and while I am perfectly convinced that it is a move in the right direction and that it will in future, if all goes well, develop into a major industry in this State, it seemed to me to be necessary, in conjunction with the story of the Koolan Island leases, of which I have given an outline, to explain the activities in connection with that concern, as the House will have another opportunity to discuss the matter.

Meantime, the agreement with Messrs. Brasserts, as I have intimated, is in course of preparation. There we have a case where we have retained sufficient high-quality iron-ore to support, at the future date I mentioned, a full-scale industry in this State. Meanwhile, we ensure that the Koolan Island deposits, if developed, will be developed along lines that will return immediately some industrial benefit to the State, because we have a first claim on a substantial quantity of the iron-ore at a price which, I consider, cannot be counted as anything but a satisfactory one.

The agreement, I must mention, will include provision that work on the leases must commence within a time to be fixed. In negotiations of this nature and in view of industrial and manufacturing difficulties that are well known to all of us and are probably as great in other countries as they are here, I suppose that when I use the word "immediately," it would be advisable to qualify it by saying that I mean within a reasonable time. It has been suggested—and this is now the subject of discussion—that four years from this date would be a reasonable time to expect development on a substantial scale to be in progress. I think no-one would seriously disagree with that in the light of all the circumstances, but certainly there must be and will be a definite period put to the time when this activity

shall be in full swing. There will still remain the provisions of the Mining Act, with which no interference in any way is suggested. This, I think, will cover any question that might be lingering in the minds of members with regard to that particular part of the Koolan Island leases.

Hon. A. H. Panton: Is there any limit to the quantity that may be exported per year by Brasserts if they wish to send it to America or other country?

The MINISTER FOR INDUSTRIAL DEVELOPMENT: No. We have offered to withdraw our objection provided the exports are to those places and provided we have the first call on 1,000,000 tons of ore per annum. The agreement has been out of my hands for some days, but I think I am right in saying that it will provide for the State to have a claim on the ore in the early stages. It might be to our advantage to have possession of it for the purposes of our own company, once again perhaps on the barter system. I think the position will be sufficiently cleared up to satisfy what is evidently in the mind of the hon. member.

The arrangements I have mentioned could result in great advantage to the efforts now being made to establish a steel industry in this State. Should Brasserts undertake the installation of ore-handling and loading equipment to mine ore on their leases, the State will obtain up to 1,000,000 tons of ore at cost and for no capital expenditure whatever. That point at least is worthy of some consideration.

Hon. A. H. Panton: And we shall still have our own half of the lease intact?

The MINISTER FOR INDUSTRIAL DEVELOPMENT: That is so. This iron-ore could be exported on a barter basis to obtain finished or semi-finished steel products, to supply our own manufacturers with materials in short supply or, alternatively, feed our own steel works with raw materials. Under the conditions of the leases, Brasserts will not be permitted to sell or transfer their leases and, if within the period of exemption granted, they are unable to develop ore mining, they will revert to the State. Brasserts, having discussed with our officers through their representative in this State the full implications of the whole matter have, in my view and from the advice given me by the officers in question, comported themselves in a way that does them very great credit. They have expressed a desire to use their technical resources in collaboration with the State to develop a steel industry in Western Australia, so I think it only fair for me to say that when matters were brought to a stage where finality had to be reached one way or the other, their behaviour, desires and agreements were within reason and all that anyone could expect.

I have pointed out that Mr. Alexander Gibson, in his report on the Wundowie industry, gave some thought to a question asked of him as to whether the industry at Wundowie could be economically integrated or associated with a large extension of the industry in the South-West. At page 48 of his report he said—

> In connection with the proposals that have been talked about for the establishment of the industry in the South-West of the State on a very much larger basis than undertaken at Wundowie, the whole matter is so hypothetical at the present time that the question, as put, cannot be answered by me . . . In speaking generally, however, if and when it may be found possible to establish the industry at, say, Bunbury, as has been mooted, then it is hardly likely that the industry at Wundowie could be intimately integrated with it. In any consideration of the industry at Wundowie, it should be regarded as standing entirely on its own resources. The possible future development in the South-West should stand on the resources available there, and the economic costs of bringing in iron-ore, either from the North-West part of the State or from the Koolyanobbing area near Southern Cross, where considerable ore bodies exist, would require to be fully studied in determining the final location of the plant.

I think that indicates one of the reasons why it would be better to proceed along the lines I have referred to in conjunction with the two operators—if I may so term them—than at this stage to endeavour to integrate these two industries. Summed up, the Government has secured for its own purposes half of the high-grade ore on Koolan Island, that is, 90,000,000 tons, together with 1,000,000 tons per annum if required from the other half of the leases if this company instals mining and handling equipment. If, by virtue of the fact that they have been granted half the deposit, Brasserts are able to instal this equipment, the State will have been saved, as I indicated, the necessity to incur capital expenditure to instal its own equipment.

The State, I believe—I have already stated reasons why I think their whole attitude of recent weeks is to be commended—has retained the goodwill and obtained the co-operation of a firm of steel consultants who are developing an iron-ore reduction process not requiring coke and who, by virtue of their interests in Koolan Island, will be advantaged by extending every assistance to the Government. The research which Brasserts propose to undertake will be along the most modern lines; and whatever results they achieve—and they will achieve results if given a reasonable opportunity, which is now offering itself to them—will, without question in my opinion, be very valuable to Western Australia.

Hon. A. H. Panton: Brasserts cannot growl about the treatment we gave them.

The MINISTER FOR INDUSTRIAL DEVELOPMENT: I do not think anybody can growl. I think they have been able to get out of a rather difficult position. They could not help but feel that they had no hope of doing very much with these leases during the long period of the war. We know what the position has been since the war. We are hamstrung enough in this State for that very reason. Yet, in my opinion, it was an intolerable situation to allow these leases to stand, as they have stood, for an indefinite period. Therefore, it was a question on the one hand of determining whether we would leave the impression that Western Australia has no desire for co-operation with any British concern; or, on the other hand, leave the impression that we were prepared to hand over the major iron resources of the State—I suppose the best in the Commonwealth and among the best in the world—to an organisation which, however valuable, and I have already stressed its value, does not warrant, and I think no other organisation can warrant, a monopoly.

I feel that the proposition I have put before the House this afternoon indicates a movement towards the development of an iron and steel industry in this State which is likely to be extremely valuable, and ought in any event to be undertaken and which I believe will produce very substantial results. In the course of the negotiations during more recent days, Mr. Robert Conrow, who came over from Sydney almost expressly for this purpose, was requested to advise the Government on various aspects of the matter and to participate in the negotiations in that capacity. His very considerable knowledge was placed without reservation at the disposal of the State and in its best interests. In consequence, the arrangements made have been made, I fancy, without any unnecessary delay and without any unnecessary friction.

From now on I think the concern will move with reasonable rapidity. Once again, unfortunately, one cannot hasten other than slowly in a matter such as this; but I have no doubt whatever that steady progress will be made from now on, provided that the people from whom we expect to get financial assistance, and with whom Mr. Conrow will be in touch, and the public of Western Australia subsequently, are prepared to realise that this is opening up for the State one of the greatest prospects, I suppose, since the days when we constructed the Goldfields railway. If the people who are going to be asked to assist in the formation of this company as public subscribers are prepared to be as optimistic in regard to this endeavour as many people have been in looking for oil in Western Australia, then I am firmly convinced that the prospects of this concern are roseate; because, so far as oil is concerned, much as I would like to see it discovered, we have no definite guarantee that it is here.

Hon. A. H. Panton: You can see the iron-ore.

The MINISTER FOR INDUSTRIAL DEVELOPMENT: We only have hopes and geological opinions as to oil. But in regard to the iron-ore, we know it is here, we know its quality, and it is only a question therefore of deciding whether we can make use of it. While our market in Western Australia presumably is limited, while the immediate manufactures that could be turned out in the early stages of a concern such as this are probably limited, because of the time, the organisation and the machinery that it takes, and especially because of the necessary manpower and money that will be required to bring production about on a large scale, I feel that there is ample scope for this organisation in the next few years, and thereafter for a much bigger organisation.

Who develops the deposits, and with what capital, it does not seem to me to matter very much. If it be the concern in which the Government has already stated it will take shares and will bring down the necessary legislation for that purpose, that will be all right. If it be Brasserts, with Government assistance, as has been suggested, on somewhat similar lines, that will be equally all right, provided the industry is established in Western Australia, makes use of Western Australian resources as far as these are available, provides Western Australian people with work to do and provides Western Australian consumers with the goods they require of the quality they are entitled to ask for.

Hon. F. J. S. Wise: That, with the activity on Cockatoo Island, will make Yampi Sound a busy place.

The MINISTER FOR INDUSTRIAL DEVELOPMENT: I should say it would; nevertheless it is just a little futuristic. I think some start has been made and that therefore I am entitled to ask the House to be prepared to amend the motion of the member for Northam. As I said at the outset, in general principles the Government cannot do other than agree with what the hon. member said. But it will be quite clear that I have told the House in considerable detail all that is proposed in regard to this matter; and I think I am entitled, therefore, to ask the House to be good enough to pass the motion in a form which will give favourable consideration to the proposals I have just outlined in so far as the Koolan Island leases are concerned. I do not want to see remain in the motion this phraseology—

Parliamentary approval should first be obtained before any proposal is approved simply to export the ore from the State.

It is true that this agreement is not for that purpose, but I think it would be better to insert in the motion words which indicate the exact position I have disclosed so that everybody may be familiar with it. So I shall ask the House to be good enough to make the motion read in this way—

That in the opinion of this House one half of the iron-ore deposits at Koolan Island should be exploited only for the purpose of processing the ore within Western Australia, or for purposes calculated to lead to the establishment of a fully integrated iron and steel industry within the State within the reasonably near future, and as to the balance of the iron-ore deposits on the Island not less than one million tons per annum produced therefrom should be at the disposal of the State Government, if required, for State manufactures and any other ore produced therefrom should not be exported to any country except those forming part of the British Commonwealth or the United States of America.

When I use those last words, it is quite clear that the Commonwealth Government has got to be moved in regard to this matter, even to allow that export to take place; and we have undertaken to raise no objection to that extent. I wish to make that point clear. At present there is an embargo on the export of iron-ore from this country. So I have to move the amendment in two parts: First to insert the words "one half" after the word "House" in the second line of the motion, and then after the word "future" to remove the remaining words in the motion, and to insert others in lieu thereof. Under the existing Standing Orders I have not to find somebody else to do that for me, as used to be the case. Having moved the first part, I may move the second and third parts. I therefore move an amendment—

That in line 2 of the motion after the word "House," the words "one half" be inserted.

I have here a number of copies of the amendment. I regret that through inadvertence it was not placed on the notice paper. I would be glad if these copies could be distributed first to you, Sir, and then to members.

HON. A. R. G. HAWKE (Northam—on amendment) [5.35]: I know that you, Sir, will restrict the debate on this amendment and the subsequent ones very largely to the subject-matter of each amendment. I would like the opportunity to say, however, that I was glad to hear from the Minister of the success that has been achieved by him, with the support of the Government, in bringing to a legal conclusion, or very nearly so the effort that has been continuing in this State for a considerable period to provide a foundation for the establishment of an industry for the fabrication of steel products. The story in that regard is, as can well be imagined, a very long one; and I propose to take full advantage of the opportunity to tell much of the story, as I know it, when replying to the debate on this motion.

It was very pleasing to me to learn that the mission upon which the Government to which I belonged sent Mr. Conrow to America towards the end of last year, had and has led to such beneficial results for Western Australia. The amendment is to insert the words "one half" in the early part of the motion. The effect of the amendment, if carried, will be to reserve absolutely to the Government, and to the State, for future industrial development within the State, one half of the iron-ore deposits at Koolan Island. If I remember rightly, these deposits are covered by six separate leases. I think the leases are possibly still held in a legal sense by Brasserts Ltd.

The Minister for Industrial Development: Yes. The agreement provides for their forfeiture.

Hon. A. R. G. HAWKE: The company, however, holds the leases on sufferance, and I think they could quite legally be cancelled at a moment's notice, because of the failure of the company to carry out the covenants in the leases, and the requirements of the Mining Act. In the circumstances, the proposed agreement between the Government and the other parties concerned, seems to me to treat the company with no small measure of generosity, although at this stage I am not proposing to complain about that. It might reasonably be argued that this company has had considerable ill-luck during at least the last ten years in respect to these leases. It was impossible for it to do anything during the war years to develop the leases, and I think it has been almost physically impossible for it to do anything very much in actual development in the period since the war, because of the difficulty of obtaining labour, materials and so on.

Mr. Smith: Did it have exemption during the war?

Hon. A. R. G. HAWKE: The company had complete exemption during the war, particularly because of difficulties of labour and materials, and largely because of the embargo placed upon the export of iron-ore by the Commonwealth Government before the war, which continued during the war and, I think, still exists. The question that members have to consider on this amendment is whether they are content with somewhat more than half of the iron-ore of Koolan Island being retained for use in Western Australia, or whether they would prefer that the whole of it should be retained. If this amendment, and the subsequent ones, be carried, and the Government then completes the agreement it has developed with the parties concerned, as it would fully be entitled to do, we would, in effect, be saying that 40 per cent. of the iron-ore at Koolan Island may, and certainly could legally, be exported from this State in the future to any British country, or to the United States of America. That, I think, is the essential difference between the motion and the amendment.

The motion asks this House to express the opinion that the whole of the iron-ore at Koolan Island shall be reserved for industrial development purposes within Western Australia. The amendment asks that about 60 per cent. shall be retained for that purpose. In dealing with this amendment, members will have to give consideration not only to the straight question I have mentioned, but, in view of the statement made this afternoon by the Minister for Industrial Development, will have to put in the scales, in favour of the amendment, the substantial industrial development in this State, that is envisaged in the reasonably near future. I think that is an extremely important consideration, and one which inclines me to the opinion that the amendment should be supported. If the question were purely one of retaining only 60 per cent. of the ore for future use in this State, as against retaining the whole of it, I would not be prepared to support the amendment.

When, however, we consider that the matter of allowing some 40 per cent. to be exported in the future, is a vital part of the plan now developed to establish a steel fabricating industry within the State, it seems that there is thus provided to us the justification to say that we will agree to the amendment, and through it to the proposal to assist the Government to establish the industry along the lines set before us this afternoon by the Minister. I think the first part of the motion would largely meet the position the Minister has set out to achieve by his amendment.

The Minister for Industrial Development: I thought so too, but I thought it better to make it perfectly plain.

Hon. A. R. G. HAWKE: If members study the first part of the motion I think

they will come to that conclusion. It reads—

> That in the opinion of this House the iron-ore deposits at Koolan Island should be exploited only for the purpose of processing the ore within Western Australia or for purposes calculated to lead to the establishment of a fully integrated iron and steel industry within the State in the reasonably near future.

Within the words of the second portion of that extract, the Minister would quite legitimately be able to achieve the things that he will quite clearly be able to do if his amendments are accepted and finally become part of the motion. If the amendment now before us is approved, I think some words in the first part of the motion could very well be taken out. I will give consideration to that after the amendment has been considered. The iron-ore deposits at Koolan Island are, as the Minister has told us, of vital importance to the future of this State, and it is gratifying to know that within a reasonably short time they will be developed for the purpose of using at least portion of the metal for processing within the State. Entirely because of the fact that the amendment is part of the complete plan to enable a company to be established to develop the steel fabricating industry in this State, I propose to support it.

MR. MARSHALL (Murchison—on amendment) [5.49]: This amendment as rightly enunciated by the member for Northam offers to a company, called Brasserts Ltd. a concession which I think the Minister ought to justify. If my memory serves me well, this company has been treated particularly liberally by the State because it is still in possession of the leases. It has been granted exemption from time to time, but more on the premises of sympathy than on the score of justification. Are there no prospects of establishing a steel industry in Western Australia without the co-operation of Brasserts Ltd.? I have not much confidence in that company, and do not think its reputation in the iron industry of the world stands too high. Although it may be possible for Brasserts, on the terms and conditions laid down, to assist materially in the formation of a company to process iron in Western Australia, I am not yet convinced that if we gave the same concession to some other company the outcome would not be more successful.

It must be realised that under this amendment we are to give Brasserts Ltd. one-half —or, to be more accurate, 40 per cent. of one-half—of the wealth of Koolan Island, as an inducement to assist us in establishing an iron processing industry in this State. That is the price we are asked to pay. I have no objection to the policy of the Government in permitting the export of iron from these deposits to the British Empire or to the United States of America, but I think the Minister will have to be watchful when framing his agreement with the company, as it is remarkably easy, on occasion, for valuable products to slip from one nation to another, at a large profit. The Minister has recently been in negotiation with Mr. Conrow, who, I believe, is a gentleman of high repute in the iron and steel industry in many countries. I would like the Minister to tell me—

Hon. A. H. Panton: He cannot tell you. He has no right of reply.

Mr. MARSHALL: He has to speak on two more amendments.

The Minister for Industrial Development: I cannot speak on them. I can only move the amendments.

Mr. MARSHALL: The Minister has still to speak on the amendment. Although he must move it in parts, it is only one amendment.

The Minister for Industrial Development: Therefore I cannot speak more than once on it.

Mr. MARSHALL: Had the Government sought the confidental opinion of Mr. Conrow, it might have been possible to get another company—probably a more financial company, as from their file at the department the Australian branch of Brasserts Ltd. has no money—to establish this industry.

Mr. Yates: Has Brasserts Ltd. had opportunity of proving its worth since the leases were granted?

Mr. MARSHALL: I cannot hear the member for Canning. The Australian branch of the company has no money, and whether the agents or interested parties in Western Australia could influence other branches of that company to invest capital in this proposal is something that only time will tell. I do not take strong objection

to the proposal, as I am glad to know that the Government has progressed so far, but I think we might have done better. I say that without being critical of the good work that the present Minister and the present Government have done. I do not think the Australian branch of Brasserts Ltd. can fulfil its side of the contract, and I fear that there will be developments that might have been avoided had a straight-out company, with the necessary finance, skill and experience, been asked to co-operate with the Government. Had that been done, I think we would have accomplished quicker, better and more satisfactory results. It must be realised that we are to give 40 per cent. of one-half of the value of Koolan Island as a concession, though I feel that it will mean much to the future of Western Australia if the project is successful. We are to pay a high price, having regard to the possibility of interesting other companies to the exclusion of Brasserts Ltd. Apart from that, I have no objection to the motion.

HON. F. J. S. WISE (Gascoyne—on amendment) [5.57]: I have, from the inception of the attempts to develop both Cockatoo and Koolan Islands, taken a keen interest in the prospect of the development of Yampi Sound. The amendment we are supposed to be debating resolves itself into one question. In the light of all the circumstances, is the arrangement that has been made, or is about to be made by the Government, the practicable solution of the existing difficulties associated with the leases? We have then to decide what are the alternatives. Since 1936, when Brasserts purchased these leases from Buckley for £35,000, they have had some opportunity of giving effect to the obligations imposed upon them under the responsibility of their covenant and under the Mining Act. They claim that they have spent large sums—sums that from memory have varied as to the amount actually spent—totalling perhaps £250,000 on their interest in Koolan Island.

The Minister for Industrial Development: That is so.

Hon. F. J. S. WISE: It is unfortunate that the war years, intervening, gave them no prospect—even if it were their intention—of working the leases themselves. In my view, the weak point in the Brassert case—I am disposed to be absolutely fair and even generous to them—is that at the cessation of hostilities they showed no desire at all to work the leases themselves, but were anxious to sell them to the Broken Hill Proprietary Ltd. It caused the Government of the day considerable agitation and concern as to what at that stage was a fair thing to do. The legal right of the Government was to cancel the leases entirely.

The Minister for Industrial Development: That is correct.

Hon. F. J. S. WISE: In not doing so, the Government sought to arrive at a solution that was both morally and legally right. That was the position confronting the present Government when it took office.

The Minister for Industrial Development: That is right.

Hon. F. J. S. WISE: I followed closely the outline of the negotiations that was presented to the House by the Minister and in all the circumstances the alternative steps that could be taken were—the cancellation of the leases; the giving to Brasserts of the right to continue in possession of all the leases; or the leases could be cancelled immediately and replaced with some other practical arrangement. The third alternative is the one adopted by the Government. I think there is much to be said for the undertaking the Government is about to complete. There is also something to be said for encouragement to be given, even through an Australian agency, to British capital. It is an indication that Western Australia, and Australia generally, is disposed to give reasonable consideration and protection to British investors in developing Australian assets. That is a point that should not be lost sight of. Of the three alternatives, the one outlined by the Minister as that adopted by the Government is the most practical. Although I do not know that the wording may be necessary, I intend to support the agreement about to be completed.

MR. TRIAT (Mt. Magnet—on amendment) [6.2]: For years past I have been deeply interested in every move made in connection with the development of the Koolan Island iron-ore deposits. I was always anxious that the Labour Govern-

ment during its term of office should take stock of the position and ensure that the ore should be disposed of in the best interests of the State. I congratulate the Government upon achieving results. Obviously the negotiations were initiated by the Labour Government, but they have been carried towards fruition by the present Administration. The effect should be to place Western Australia in the position of being able to make use of the ore and bring nearer the time when the heavy steel industry can be established in the State so that we shall no longer be dependent upon the Eastern States or foreign countries for our steel requirements.

I am prepared to support the amendment moved by the Minister for Industrial Development. I feel that Brasserts Ltd. have certain responsibilities which, I assume, they will face up to. If they do not carry out their obligations within the period of four years, it will be possible to cancel the leases. However, I hope the English company will achieve what it is setting out to do. I was at Koolan Island when Brasserts Ltd. were operating there, and I know that very extensive work was carried out by the company.

Hon. A. H. Panton: Did not the Commonwealth Government carry out that work?

Mr. TRIAT: I understand it was done by Brasserts.

Hon. F. J. S. Wise: The Commonwealth Government paid for it.

Mr. TRIAT: The company is entitled to some recompense for the work it carried out, and it is to receive that under the agreement which will permit it to operate on half the island. I see some danger, however, in the company being allowed to export its surplus iron-ore products to foreign countries. I have no objection to the export of the ore to Britain or other parts of the Dominions but if a large proportion is sent to America I am afraid some of it could be used for supplying, in competition with our own trade, the markets in the Far East and India.

I realise that the iron-ore is urgently needed in Great Britain, and I quite appreciate the necessity for allowing exports to that country. It is well known that the world's iron-ore deposits are being depleted very rapidly. I know that we can protect the deposits along the coastline to a great extent, and I appreciate that the Commonwealth Government will recognise that factor. While I realise that Great Britain requires our ore for the purpose of fabricating her iron and steel output and that the requirements of Australia itself must be met, I hope that the heavy industry will be established in this State and that we will not be merely exporting our ore to the Eastern States for manufacture there.

HON. E. NULSEN (Kanowna—on amendment) [6.5]: I have taken a keen interest in the development of Western Australia's iron-ore resources for many years. I spoke in 1936 regarding the value of our iron deposits and am fully appreciative of the part those reserves will play in our future development. I have always advocated that we should use our resources within the State, and I see no real reason why a company should not be formed to fabricate the iron and steel in Western Australia without our having to export it oversea. I have no objection to exporting ore to any part of the British Empire nor yet to the United States of America, but I do object to its being taken to the Eastern States for manufacture there. There is no real reason why we should not establish a factory in this State to deal with it.

We know that the B.H.P. has all its interests in the Eastern States involving a capital of something over £30,000,000, and seemingly it cares nothing about the iron-ore deposits of this State. I consider that the Government has done a very good job and has made some reservations in the interests of the State, but at the same time I feel somewhat reluctant to agree to any of that iron-ore, which is such an important commodity, more important than gold or any other product of this State, being shipped away for the purpose of fabrication elsewhere.

I have not in mind simply the interests of the present generation or of one generation ahead; I am looking to the future development of Australia, the development that may be expected in 100 or 200 years' time and even thereafter. There is plenty of iron-ore in this State to suffice for the needs of the present century and probably longer, but it is our duty to look far ahead

because it is unlikely that a substitute will ever be found for iron. We ought to show a little greater foresight than was exhibited by our ancestors in some directions, and should not permit any country, merely for the sake of profit, to exploit one of our most important resources.

In the circumstances, however, I feel that I must support the agreement outlined by the Minister, reluctant though I am to do so. I can recall many discussions in this House on the question and I know that the three ex-Ministers were greatly interested in it and did everything in their power to bring about an agreement whereby we could conserve the State's interests in this most important commodity. I repeat that no nation can do without iron and that the future development of the world will depend largely upon the iron-ore deposits.

Amendment put and passed.

HON. A. A. M. COVERLEY (Kimberley) [6.10]: The House has more or less agreed that something ought to be done regarding these iron-ore deposits and something will be done if the proposals of the Government come to fruition. I suppose I am interested in the future of the iron-ore deposits at Koolan Island as much as if not more than any other member, and I have not previously taken part in this debate because I realised that the House appeared to be in agreement on the proposals. However, I have an amendment to move for the further protection of the State and the benefit of the district I have the honour to represent. I move an amendment—

That the words "or for purposes calculated to lead to the establishment of a fully integrated iron and steel industry within the State in the reasonably near future" be struck out.

My object is to ensure that at least one-half of the iron-ore deposits be reserved for processing in and for the benefit of Western Australia. As has been pointed out and as every member understands, this is one of the last and richest iron-ore deposits remaining in Australia, and it is the duty of the House to ensure that the bulk of that iron-ore is reserved for the benefit of the State. I could give much additonal information about the company of Brasserts, their dealings from the inception and their participation in taking over the Koolan Island deposits from the then holder, Mr. Buckley. I have some reliable information as to how most of their activities were financed, but at this stage it would be better left alone. If the amendment be agreed to, the motion will read—

That in the opinion of this House, one-half of the iron-ore deposits at Koolan Island should be exploited only for the purpose of processing the ore within Western Australia; also that Parliamentary approval should first be obtained before any proposal is approved simply to export the ore from the State for processing in some other State or country.

I understand that the Minister has a further amendment to move after mine has been disposed of.

Sitting suspended from 6.15 to 7.30 p.m.

THE MINISTER FOR INDUSTRIAL DEVELOPMENT (Hon. A. F. Watts—Katanning on amendment) [7.30]: Before tea, the member for Kimberley moved an amendment to strike out certain words. These are—if I understood him aright, and I should be glad if he would check them for me as I read—

"or for purposes calculated to lead to the establishment of a fully integrated iron and steel industry within the State in the reasonably near future."

In the circumstances, and in view of the obvious intention of the House to agree to the other amendments I propose to move, and also in view of the remarks made by members on the first portion of the amendment, I do not think I need do other than agree to the amendment of the member for Kimberley. I would like, however, to say a few words, as my amendment has a distinct relation to the words that are proposed to be struck out and to the point mentioned by the member for Murchison. I wish him clearly to understand—I thought I had made it plain in the first place—that the company which is to be formed under the proposal suggested by Mr. Conrow, which I dealt with first in my remarks, has nothing whatever to do with Brasserts. That will be a purely Western Australian concern, assisted, we hope, with foreign capital, subscriptions for shares and, if Parliament approves, by a loan from the State Government.

So far as Brasserts are concerned, the probability of a further steel company being formed in Western Australia will de-

pend on their carrying out the terms of the agreement made with them within a reasonable time, as provided in the agreement; that is to say, if Brasserts develop their section of the leases within that prescribed time and are prepared—as I understand they are likely to be at the end of that time—to provide another processing method for iron-ore of a now unusual and somewhat revolutionary type, then there will be a further steel industry in the State, and I think that in those circumstances there will be room for two industries. But the point I want to make is that at the moment we are interested, as soon as investigations can be completed, in a steel fabricating industry of a type which will not compete with existing manufactures in Western Australia. That concern will be under the aegis of the State Government and the other interests, exclusive of Brasserts.

Later on, if all goes according to agreement, there will be yet another industry of a somewhat similar character, but with probably different operating methods and different types of manufacture. So the two will not run together to the degree that I gather the member for Murchison thought they would. We are on the high road to an industry of our own, irrespective of Brasserts. If we get two industries in the long run I do not think anybody will object. So I see no objection to the amendment of the member for Kimberley, as it deals expressly with the iron-ore which has to be reserved entirely for the use of the State. If in time the exigencies of the situation should demand a different arrangement with respect to the ore, we shall have to take it out of our own share of the leases, because nobody else will provide it. The matter could then be taken to Parliament again for a review of the position. There is no question about that. But these words in the motion would have little or no application, I should think, if the agreement with Brasserts comes to fruition within the time to be prescribed. I am therefore quite pleased to agree to the amendment.

HON. A. R. G. HAWKE (Northam—on amendment) [7.36]: I think the amendment very necessary in view of the fact that the House accepted the amendment moved previously by the Minister. If all the iron-ore on Koolan Island were to be retained for processing in this State, the words now proposed to be deleted from the motion must certainly have remained part of the motion However, now that we are tying up in this first part of the motion only half of the iron-ore, I consider it essential that we should tie it up absolutely and beyond any shadow of doubt for processing within the State. That is what the amendment proposes to do. If the amendment is not carried, it would be competent under the motion, as worded, for one half of the iron-ore to be exported. My view is that if iron-ore is to be exported from Koolan Island, it should be exported not from the half of the deposit which will be owned and controlled by the Government, but from the half which will be held by the company under the leases that it will continue to hold. I therefore support the amendment.

Amendment put and passed.

THE MINISTER FOR INDUSTRIAL DEVELOPMENT (Hon. A. F. Watts—Katanning) [7.37]: It now becomes necessary for me to move an amendment that the remainder of the motion be struck out, because my original amendment proposed to strike out all the words after the word "future." As the word "future" is no longer in the motion, I now move an amendment—

That the words "also that Parliamentary aproval should first be obtained before any proposal is approved simply to export the ore from the State for processing in some other State or country" be struck out and the words "and as to the balance of the iron-ore deposits on the Island not less than one million tons per annum produced therefrom should be at the disposal of the State Government, if required, for State manufactures and any other ore produced therefrom should not be exported to any country except those forming part of the British Commonwealth or the United States of America" inserted in lieu.

HON. A. R. G. HAWKE (Northam—on amendment) [7.38] Although of course, this motion will not be binding upon the Government if carried, I would like the Minister to clear up one point which at present appears to be contradictory as between the motion, as amended, and the proposed agreement which he discussed in the House this afternoon. It has to do with the words in the amendment "not less than one million tons." I have the impression that the Minister, when discussing this aspect of the proposed agreement, said that the Government

would have the right to call upon the company to provide up to 1,000,000 tons per annum from the company's production at cost of production or thereabouts. If that be so, and if the Minister considers the point of sufficient importance to justify bringing the second part of the motion, which is now his present amendment, into line with the proposed clause in the agreement, I leave it to his judgment whether he will arrange with one of his colleagues so to amend the amendment.

THE ATTORNEY GENERAL (Hon. R. R. McDonald—West Perth—on amendment) [7.41] As the Minister is not able to reply under the rules of debate, he has asked me to refer to the tentative terms of the agreement in relation to this matter. The words are that in return for the Government granting a further extension of exemption for a limited period, Brasserts are to undertake to supply to the State from leases such of its iron-ore requirements not exceeding 1,000,000 tons in any one year as is requested by the State during the currency of the leases. The words involve an undertaking to supply to the State its iron-ore requirements not exceeding 1,000,000 tons whereas the words in the amendment are "not less than 1,000,000 tons."

Hon. A. R. G. Hawke: Make it "not exceeding" 1,000,000 tons.

The ATTORNEY GENERAL: I suggest to the member for Northam that the words might be changed to "up to" 1,000,000 tons.

Mr. Marshall: That would limit it.

The ATTORNEY GENERAL: To put in the words "not exceeding" 1,000,000 tons seems a little difficult.

Hon. F. J. S. Wise: The agreement will do the limiting.

The ATTORNEY GENERAL: I think that the words "up to" 1,000,000 tons will meet the position. I move—

That the amendment be amended by striking out the words "not less than", and inserting the words "up to" in lieu.

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

MR. KELLY (Yilgarn - Coolgardie) [7.45]: This Chamber is indebted to the member for Northam for having submitted the motion in the first place; because, as a result, we have been given a very detailed and edifying account of the total operations or anticipations of the Government in connection with Koolan Island. I am sure we all appreciate the full manner in which the Minister dealt with the situation. I think that the Government's decision so far as Brasserts Ltd. is concerned must have been based on the adage that half a loaf is better than no bread.

The Minister for Industrial Development: It was not based on that at all. It was based on the very sound argument adduced by the Leader of the Opposition. As a matter of fact there were three alternatives of which we accepted the least unsatisfactory.

Mr. KELLY: I appreciate the spirit in which the acceptance has been made, but I am at a loss to know why such liberal terms have to be extended to the first comer in respect of one of the most important assets this State possesses. I realise that over a period of years, with the exception of a small royalty received from the iron-ore mined at Koolan Island, the State has not derived very much benefit, and I am wondering why it has been necessary for the Government to enter into a contract of such a wide character with Brasserts Ltd. without having ascertained whether there were some other channels more acceptable to the State. Was the Government under any obligation to Brasserts Ltd. in accepting the conditions that have been enunciated to this Chamber?

Another point I am not too clear about is: What was the total cost of the Koolan Island interest to Brasserts Ltd.? What were the concessions? What consideration did Brasserts Ltd. give the Government other than to make the magnificent gesture of allowing the State half an interest in the leases and the million tons per year that the State could call upon when and if an industry is established? Those are points in respect of which I think we should have had some elucidation. Another thing is that I do not remember the Minister having told us anything about the duration of the agreement. Is this contract with Brasserts Ltd. an interminable one?

The Minister for Industrial Development: I told you that four years was the maximum period.

Mr. KELLY: I am sorry, but I did not hear that, although I listened very carefully to the Minister's full statement.

Mr. Smith: He does not speak as loudly as you do.

Mr. KELLY: That might have something to do with it. We have some difficulty over here in hearing the Minister. Another point is in connection with the 1,000,000 tons of iron-ore that Brasserts Ltd. are to deliver to the Government, or to make available to the Government each year when called upon. Has the Government an undertaking from the company that the equipment to be installed at Koolan Island will be sufficient to guarantee that that 1,000,000 tons will be available at such times as the Government desires? Another point on which some explanation could be given is in connection with the iron-ore which can be taken from this State. I understand that roughly 40 per cent. is to be available to Brasserts Ltd. for export to any of the Dominions.

Hon. A. H. Panton: That is, 40 per cent. of its half.

Mr. KELLY: Yes, I believe that is the position. I would like to know what guarantee the Government has that that 40 per cent. cannot fall into the hands of a foreign power. Unless there is some such provision, the agreement is too wide open. Some reasonable undertaking should be given by Brasserts to the effect that there will be no opportunity for iron-ore, taken from this State, to fall into the hands of a possible enemy country.

Hon. A. H. Panton: And shot back at us.

Mr. KELLY: Yes. I feel that the motion as amended, is quite sound, but I would be much happier if the questions I have raised were satisfactorily answered. We are leaving the way open to the State to embark on a major heavy industry that will confer distinct advantages on Western Australia. Because of the possibility of rapid expansion in Western Australia, the motion is most timely and I think it will have far-reaching effects on the future of this State. The expansion to which I have referred might take place much sooner than many of us realise. There is every possibility that this State will go ahead by leaps and bounds, and undoubtedly the present provision will at all times be acclaimed as ver wise.

Now that the Government is thinkin along the lines indicated tonight by th Minister for Industrial Development. I wa to be assured that the plans for the futu will be soundly grounded and no stone le unturned, not only in the investigations i respect of Koolan Island, but in respe of other deposits in the State. There a factors concerning many of our iron d posits which must be taken into consider tion in the long view. In his origin speech on the motion, the member for No tham made several references to other im portant iron deposits in the State, and pa ticularly Koolyanobbing. He spoke o Koolyanobbing and Wundowie, and thei relationship to the Koolan Island deposit It would not be very difficult to visualis a closely-welded link between Wundowi and Koolyanobbing. As members know that deposit is only 30 miles north-east o Southern Cross. It has been proclaime by those who have inspected it to be ver similar to the deposits at Yampi Sound.

We are told that there are five main or bodies of micaceous hematite, and the per centage of iron-ore in the Koolyanobbin ranges is very high—as much as as 62 pe cent., which is not far below that of th Koolan Island deposits. We are told tha in the deposits at Koolyanobbing there ar 76,500,000 tons of iron-ore down to wate level, and at Koolan Island the deposit total about 97,000,000 tons to water leve They are of course, much greater tha those at Koolyanobbing. If the Koolyan obbing iron-ore were worked in conjunc tion with Wundowie, it would only be ne cessary to have a 30-mile extension o railway from the main line. That woul enable the Wundowie factory to be con tinued at its present site, or, if we con sider the matter from a decentralisatio point of view, the possibility arises of tak ing the plant which is now at Wundowie at the termination of the available or there, to Koolyanobbing, where it could b worked on lines similar to those at presen operating.

Hon. A. H. Panton: What about th charcoal?

Mr. KELLY: It would probably be ver little harder to get charcoal at Koolyanob bing than it is at Wundowie. Among th

attractions of a railway to the Koolyanobbing iron-ore deposit is that it would open up 12 to 14 years' constant supply of timber for the pumping stations on the Goldfields line. If that possibility were ruled out, it would mean that a consequent amount of charcoal would be available for the production of charcoal-iron. The position from that angle would be quite well catered for. Besides that, such a railway would be the means of opening up a big belt of auriferous country which, at the present time, is very hard to prospect owing to its distance from any water supplies, and also because roads there are hard to negotiate. It would also permit of the transporting to the city of 6,000 to 10,000 tons of gypsum which is urgently required for the manufacture of plasterboard. That would have a beneficial effect on our housing schemes.

There are other advantages of a minor nature which I think would weigh heavily in favour of the Koolyanobbing iron-ore deposits being worked, though that would necessitate the building of a railway. When we consider the huge tonnages mentioned in the speeches of the member for Northam and the Minister for Industrial Development, it is not hard to visualise the enormous potential wealth lying dormant within the borders of this State. I feel that the present motion should be supported as the first step towards utilising those resources. I am pleased that the motion was brought forward and feel that, with the investigations that have been carried out over the last 18 months, and the attitude of the present Government towards the establishment of a heavy steel industry in this State, the future should be rosy.

HON. A. R. G. HAWKE (Northam—in reply) [8.2]: When I spoke on one of the amendments I threatened to tell the House all or much of the long story covering the efforts of the previous Government to do everything humanly possible towards establishing in Western Australia an industry for the fabrication of steel products. Since making that threat I have relented, and, in order that time may be saved, do not propose to tell the whole story. Undoubtedly there will be other opportunities during this session to tell it in detail, if the necessity arises. The first contact with Mr. Conrow was made by the Director of Industrial Development, Mr. Fernie, in Sydney, approximately three years ago. At that time Mr. Conrow was general manager in Australia for Armco, a steel company operating at Port Kembla, some 50 miles south of Sydney. Mr. Conrow then expressed great interest in the ideas that Western Australia had regarding the establishment of iron and steel industries. He displayed a great deal more confidence in Western Australia's ability to make progress in that direction than did, unfortunately, many people in this State, including some members of Parliament, though none from this House.

From that time onwards personal contacts were made with Mr. Conrow either in the Eastern States or in Western Australia, first of all by the then Premier, Hon. J. C. Willcock, and subsequently by his successor, Hon. F. J. S. Wise, and by me. Members will realise that such plans and proposals do not grow like mushrooms overnight, but require a great amount of consideration, research, negotiation and constant checking of many vital angles. In addition to that, as the Government was involved, it was all the more necessary for the greatest possible care to be taken to ensure that the interests of the State were thoroughly preserved, both financially and in every other way. After the members of the then Government were entirely satisfied with Mr. Conrow's bona fides, and with his knowledge of steel and general experience in the industry, together with his contacts in the United States of America, the Government, in consultation with Mr. Conrow, had drawn up a draft agreement, under which the Government, Mr. Conrow and an acceptable steel company in America or Canada were to become parties—if negotiations could be successfully concluded—to the establishment in Western Australia of an industry for the fabrication of steel products.

The complete plan at that time was to carry on with the establishment of the charcoal-iron and wood distillation industry at Wundowie, and on that basis to develop a complete steel industry within the State in order that, with the passing of the years, Western Australia might not only become independent of the Broken Hill Proprietary Company's monopoly in iron and steel but might be in a position to export iron and steel products to other

States of Australia—if markets were available there—and certainly to other countries of the world. It was fully realised that the establishment of a large-scale iron and steel industry would lead to the manufacture of iron and steel products, especially in the early years of the scheme, which it would not be possible for the local market completely to absorb. However, it was known that for many years after the war iron and steel products generally would be in short supply, owing to the much greater world demand. In fact, I doubt whether anyone would even now dare to say that iron and steel products will not be in short supply for perhaps 20 years to come.

It has been demonstrated by this debate that America has not sufficient iron-ore deposits within her own borders to supply her production requirements. That has also been the position of Great Britain for many years. So it would seem that in Western Australia the present Government or, for that matter, any Government, would be thoroughly justified in going ahead with the establishment of large scale iron and steel production because it could be secure in the knowledge that for many years to come it would be able to dispose of its surplus production in other countries of the world. When the time came, if it ever did, that profitable export was no longer possible, I should say that at that juncture Western Australia's industrial development would be so far advanced as to enable us within this State to absorb the greater part of the output of the industries that would have been established.

I am sure the present Government will lose no time in making all progress possible in connection with the proposals outlined to the House this afternoon by the Minister for Industrial Development. I am glad to know that Mr. Conrow will be one of the vital men associated with the development of the steel industry. Western Australia can count itself fortunate in that his services are available. It might be said that Mr. Conrow, as an individual, will be benefiting himself by this development. So he will, and so he deserves to because at the beginning, some three years ago, there was no very great prospect that anything substantial would come out of the negotiations that were then commenced between him and the Government of this State for the development of proposals of a practical character to cover the establishment of large scale iron and steel production in Western Australia. If he had not been a man of considerable vision, if he had not been prepared to take the wide Australian point of view and if he had not been possessed of sufficient courage to stand up against what is today a monopoly in the iron and steel field in Australia, he would not have become interested to any substantial extent, if to any extent at all.

I would also like to pay a very great compliment to this State's Director of Industrial Development, Mr. Fernie, in connection with this matter. That officer was appointed to his present position in March, 1941. That appointment was the subject of criticism in many directions, although not from any section of Parliament at that time. The main point of criticism was that Mr. Fernie was an hydraulic engineer. The question was asked by those critics, "What can an hydraulic engineer know about industrial development?" The passing of the years and the unfolding of Mr. Fernie's practical work in the field of industrial development in this State have shown that his appointment has been thoroughly justified. He has not been able to achieve what he has by himself and with the assistance of successive Governments without showing a very great deal of courage. In the position he occupied it was more necessary to have courage than to possess ability, because there was within the State a great volume of prejudiced opposition to the idea that industrial development could be accomplished in Western Australia on any large scale.

Mr. Fernie met opposition not only from Eastern States' interests that did not want to see industrial development take place in this part of the Commonwealth to any considerable extent, but on occasions he met opposition from men within the Public Service of this State who felt in some spasm of professional jealousy that this officer was getting too much limelight, that he was able to attempt and to carry through too much, and that altogether too much money was being made available to him for the work upon which he was engaged. The iron and steel industry is one that he has played a very vital part in developing. Other industries that he assisted very materially in the establishing of were, of course, the alunite industry at Chandler and the charcoal-iron

and wood distillation undertaking at Wundowie.

If the full story of his work could be written, it would be found that his hand has played a greater part than that of any other person within the State during the last six or seven years, in achieving for Western Australia a substantial place in the field of industrial development. Just as he achieved much, so he has, with the assistance of Governments, sown the seeds from which much may be achieved in the future. I am sure that as time goes on many of those things that he, with the assistance of different Governments, has been able to initiate in different directions, will take solid shape and will become established industries within the State, providing employment, increasing the wealth of production and generally assisting in making Western Australia a much more progressive State, one capable of absorbing successfully a greatly increased population. If that policy be followed by the present Government, as I am sure it will be, then Western Australia in the not very distant future will, I think, have no need any longer to regard itself as the Cinderella State of Australia but will in that time be able proudly to consider itself the equal of any other State of the Commonwealth.

Question put and passed; the motion, as amended, agreed to.

BILL—MAIN ROADS ACT (FUNDS APPROPRIATION).

Second Reading.

Debate resumed from the 30th September.

HON. A. R. G. HAWKE (Northam) [8.18]: I listened very carefully to the speech delivered by the Minister for Works when he introduced this Bill a few days ago. I have a recollection of his having made speeches in previous years on almost exactly similar measures. I was tempted to obtain the appropriate "Hansards" for the purpose of studying his earlier speeches, so that I might compare his views on those occasions with those he expressed in presenting the present Bill to the House.

Mr. May: You think he may have changed his views?

Hon. A. R. G. HAWKE: I knew they had changed entirely. The idea I had in mind, when thinking of reading the speeches he made previously, was mainly to find out the points of criticism which he had expressed against similar measures. After giving the idea some consideration, I cast it aside in the belief that it would be much better on my part to rejoice over the fact that one sinner had repented. I am very glad that the Minister for Works, who opposed a similar measure very vigorously on one occasion and somewhat less vigorously on a succeeding occasion, has now come to understand that such legislation is desirable and, to a large extent, necessary if the fair thing is to be done to Consolidated Revenue.

Briefly the Bill aims at making legal the action of taking out of the metropolitan traffic fees account a certain sum each year to be paid into Consolidated Revenue. The traffic fees are recouped from funds available to the Main Roads Department out of moneys the department receives from the Commonwealth from the very large amount the Commonwealth collects annually from the imposition of the petrol tax. The merit of this Bill is that it does assist Consolidated Revenue by taking a certain amount of money from metropolitan traffic fees. The justification for taking the money from those fees and paying it into Consolidated Revenue is to be found in the fact that, for many years, large sums were expended from the State's loan funds for the purpose of constructing roads and bridges throughout the State.

As loan money was used for these purposes, the State thus assumed debt burdens, especially in the shape of interest payments on the money thus expended, those interest payments having to be met from year to year from Consolidated Revenue. Therefore it seems to me to be quite a reasonable proposal to require that Consolidated Revenue be benefited to a reasonable extent, in order that the interest charges upon loan moneys expended on the construction of roads and bridges in the past might be met. I support the second reading.

THE MINISTER FOR WORKS (Hon. V. Doney—Williams-Narrogin—in reply) [8.24]: I wish to occupy only a few minutes in order to express my satisfaction at the very kindly attitude adopted by the member for Northam when commenting on my sins. I appreciate that the close likeness of the Bill upon which he commented to its forerunners in 1941, 1942, 1943 and 1944

did not give him very much ground for a difference of opinion. The only criticism —if criticism it was—that the hon. member saw fit to indulge in was where he charged me with having changed my opinion from the one I held in the past.

Hon. A. H. Panton: You mean when you were sitting on this side of the House.

The MINISTER FOR WORKS: Yes, where the hon. member sits now, though for how long he will remain there, time alone will tell. The Leader of the Opposition, by interjection, indicated that I had opposed this Bill in previous years and the member for Northam has said the same thing. The hon. member might be pardoned for making that mistake; it does not factually set out the position.

What happened was that I insisted that roughly nine-tenths of the amount transferred to the Main Roads Contribution Trust Account would normally have been spent on country roads, but the then Minister for Works, Hon. H. Millington, would not have it that way at all. He considered that the transfer of funds did not affect the sums normally available for country roads, but in his last session, when dealing with the 1944 measure, he said he would give me the satisfaction of winning the fight. He admitted —and I think the member for North-East Fremantle, speaking for the member for Northam, also admitted—that the sum which went to replace the 22½ per cent. of traffic fees was taken from the money that would have been spent on country roads. I did not oppose the principle underlying the Bill, but I did not like the constant contention of the then Minister for Works that actually country roads suffered not at all by the strange bit of finessing set out in the complicated Title to the Bill. However, there is no need for me to reply further to the matter.

Question put and passed.

Bill read a second time.

In Committee.

Bill passed through Committee without debate, reported without amendment and the report adopted.

BILL—COMPANIES ACT AMENDMENT.

Second Reading.

Debate resumed from the 23rd September.

HON. E. NULSEN (Kanowna) [8.30]: The Companies Act is very familiar to me, as it was introduced by me in its original form. The Bill now introduced by the Attorney General has some redeeming features and will doubtless be helpful and improve the Act. The Act received the Governor's assent, I think, on the 3rd December, 1943, but has not yet been proclaimed. It is a very comprehensive measure. As members will know, a Select Committee—afterwards converted into a Royal Commission—was appointed to examine the law in this State with respect to companies, with the object of framing a measure to replace the then existing legislation. The result was the present Act, which is thoroughly up to date. The members of the Commission comprised the present Chief Secretary (Hon. A. V. R. Abbott), the member for Roebourne (Mr. Rodoreda), the member for Katanning and present Deputy Premier (Hon. A. F. Watts), and myself from the Legislative Assembly, and Hon. H. Seddon (North-East Province, now President of the Legislative Council), Hon. G. Fraser (West Province), Hon. L. Craig (South-West Province), and Hon. A. Thomson (South-East Province).

The Commission occupied some two or three years in investigating company law and finally was responsible for a Bill which was carefully scrutinised and severely criticised by various members in this Chamber, especially by the member for Nedlands, who was of material assistance in shaping the measure and making it as efficient as it is. However, some anomalies crept into it. Mr. Boylson, the Registrar of the Court, carefully perused the Act and suggested a number of the amendments which are included in the Bill now before the House. He also spoke to me about some amendments which he thought should be made before I was displaced as Minister for Justice. I approve of 15 of the 18 amendments included in the Bill, and I think if the Attorney General is successful in securing the passage of 15 of the amendments, he will have a high percentage to his credit, about 83 1/3rd per cent.

The amendments to which I agree are the amendments to Sections 28, 56, 150, 163, 165, 330, 331, 335, 337, 356, 364, 371, 374, 387 and 404. I feel that the amendments will clarify the Act and extend the protection it will afford to the community. These machin-

ery clauses will make for uniformity and will correct anomalies. It is almost impossible to avoid making some small mistakes in framing a measure of such length as the Companies Act. I cannot agree to the amendment of Section 154, which deals with the disclosure by directors of any interests they may personally have in a contract that has been made by a company of which they are directors. The amendment exempts co-operative companies and proprietary companies. I cannot see any reason why those directors should be exempt. However, I will deal with that point more fully when we reach the Committee stage. It is not my intention to dwell on the various amendments I am opposing.

I also oppose the amendment of Section 347, which provides for the keeping of a register. I agree to paragraph (a) of the amendment, but not to paragraph (b). If paragraph (b) is passed, then we shall lose the reciprocity existing between this State and South Australia, Victoria and New South Wales. It is only reasonable for a shareholder in this State holding shares in a foreign country, if he happens to leave the State, to register here and in the country in which he lives. The other amendment to which I object is the amendment of Section 359, which deals with new shares or debentures. That section appeared in the old Act for many years. In that Act it was Section 338. It provides for the shareholder, in accordance with the proportion of the shares he holds, to be entitled to that proportion of any new shares or debentures that may be issued. That seems to be quite reasonable. It is only fair that if new shares or debentures are issued in this State, local shareholders should have the option of securing them within a certain time—I think it is two months.

There are only three clauses with which I disagree. The others will be helpful to the members of companies and will be conducive to the welfare of the community generally. I want members to realise that this is a non-party Bill and everyone should express his opinion. I hope to hear such expressions of opinion. The Act is very important and is rather complicated. It affects the people of the State as a whole; it affects shareholders, the Chambers of Commerce, the mining industry and every industry of this State, as well as ordinary persons, and it behoves every member to take an interest in it. I support the second reading.

THE ATTORNEY GENERAL (Hon. R. R. McDonald—West Perth—in reply) [8.43]: I thank the hon. member for the examination he gave to the Bill. It is undoubtedly a technical measure; and as he had the arduous responsibility of piloting through the House the parent Bill of more than 400 sections, he has a knowledge of the measure which entitles him to place his opinions before the House. I do not propose at this stage to deal with the three clauses he queries. As he suggested, they can be discussed in Committee, when I can deal with the reasons that led to the inclusion of these provisions in the amending Bill.

Question put and passed.

Bill read a second time.

In Committee.

Mr. Perkins in the Chair; the Attorney General in charge of the Bill.

Clause 1—Short Title:

The ATTORNEY GENERAL: Members had the somewhat painful experience of listening to me a few evenings ago when I endeavoured to explain this measure, clause by clause and, with the permission of the Committee, I do not propose now to deal with each clause as it arises; but if any explanation is required I shall be happy to render it. I would say in defence of myself that I do not know of any author who has been able to make company law amusing or entertaining, with the single exception of the eminent taxation specialist, Mr. Gunn, who wrote a book entitled, I think, "You Can Get It Tax-free," in which he used the pen-name of N. Kelly.

Clause put and passed.

Clauses 2 to 6—agreed to.

Clause 7—Amendment of Section 154:

Hon. E. NULSEN: I am opposed to this clause. It provides for the disclosure by directors of any interest they may personally have in a contract which has been made with a company of which they are directors. Subsection (6) provides that a director of a company who is directly or indirectly interested personally in a contract shall not

be qualified to vote upon any resolution relating to the contract. Such a director has no right to vote. At the very least he should make a disclosure to the other directors, but by the amendment directors of co-operative and proprietary companies will be exempt. A co-operative company might be different from others, but I do not see why any such director should be exempted. A director of a proprietary company, even though it be a family concern and limited to 21 members, should not have this exemption. If he were an honourable man he would say, "No, I will not vote."

By the amendment, directors of proprietary or co-operative companies will not need to make a disclosure of contracts in which they are interested. The amendment is dangerous. The matter was fully discussed by the Royal Commission. Consideration was given to both proprietary and co-operative companies, as well as to others. It should be obligatory upon a director, or any other person concerned with the management of a company, to make full information available to other members or directors of any interest he might have in a contract, and he should be restrained from voting on it. Subject to a director, such as we are discussing, making, under Section 154 (2), the fullest declaration in writing prior to or during the meeting, Subsection (6) (a) of the same section provides—

> A director of a company who is in any way, whether directly or indirectly, interested personally in a contract or proposed contract with the company shall not be qualified to vote and shall not vote either personally or by proxy upon any resolution relating to such contract or proposed contract.

Directors of proprietary and co-operative companies will, by the amendment, be exempted from these provisions. The chairman of a road board cannot be an interested person in a contract with his board. That being so, I cannot see why a director of a co-operative or proprietary company should be exempted. I know that members of co-operative companies are enthusiastic, and I can understand the feelings of Hon. T. H. Bath and Hon. W. D. Johnson. They feel that there is no doubt about the integrity of those people, but I do not think farmers are any more honest than are the members of other sections of the community. I strenuously oppose th amendment.

The ATTORNEY GENERAL: Thi amendment deals with Section 154 of th Act, the marginal note to which is, "Dis closure by directors of interest in con tracts." The first part of the section de clares that it shall be the duty of an director of a company who is in any way whether directly or indirectly, intereste in a contract or proposed contract with th company, to declare the nature of his in terest at a meeting of the directors of th company and cause such declaration to b minuted. He must tell his co-directors o his interest, and see that the admission i noted in the minutes of the company. Tha part of the section will continue to appl to co-operative and to proprietary com panies. Subsection (6) of this section pro vides that if a director is interested in an way in a contract with the company h shall not, even though he has disclosed th fact of his interest, be allowed to vote o the matter of the contract.

The amendment proposes that Subsectio (6) shall not apply to the directors of pro prietary or co-operative companies. Bu those directors will still be obliged to dis close any interest they personally have i any contract, but they will not be disquali fied at a directors' meeting from voting o any matter affecting the contract. Th reasons for the exceptions are these: I the case of a proprietary company, it i practically an invariable factor that director is a person who deals with th company. If it is a co-operative company which is a consumers' co-operative, the such a director buys his goods from th company and, like all other members, h gets a rebate at the end of the year i proportion to the purchases he make If it is a producers' co-operative, like Bulk Handling Ltd., I think he is almost invari ably a farmer—if he is a director—and lik all other farmers, sends his wheat awa through the Co-operative Bulk-Handlin Company. He must do so, because the com pany has a monopoly of the carriage o bulk-wheat and he has no option but t make a contract with that company an send his wheat to the market or seaboar through the agency of its bulk-handlin facilities.

The directors of co-operatives must almos always—and I think always—be persons in

terested in the company's contracts. If they were to be brought within the terms of this provision they would be held up from voting on almost all the business of the company. A man who is a director of a consumers' co-operative in a country town buys almost all his needs from the co-operative's store, and so almost anything that the company desires to buy would be something that affected him as a potential purchaser. For that reason Hon. T. H. Bath, a director of Co-operative Bulk Handling Ltd., waited on me and pointed out that it would be practically impossible for directors of co-operative companies to operate under this provision, and suggested that such companies be excluded from the voting clause. That was considered reasonable, on investigation by the officers concerned in the administration of this legislation.

If they were to continue subject to the provisions I have mentioned, co-operatives would be met with great difficulties, but on the other hand if they were not subject to those provisions there would be no real danger—owing to the nature of the co-operative company—of any abuse of their powers, as all the directors would be in the same position. They would all be interested in contracts with the company and the shareholders, when appointing those directors, would know that they were men who would be dealing with and making contracts for the company. They would also expect their directors to do as much personal business as possible with the company of which they were to be directors.

Proprietary companies, under the terms of the Act, cannot have a membership exceeding twenty-one, apart from employee members in the case of companies that make special provision for employees to take up shares. There can be a partnership —without any company—of any number up to 20. The provisions for the proprietary company are meant to provide for the partnership which desires to obtain the protection given in the case of a limited liability company.

Hon. E. Nulsen: Each individual in a partnership is completely liable.

The ATTORNEY GENERAL: That is so, but a proprietary company may undertake a type of business involving a certain risk and the members may desire to be protected beyond the amount of capital they have put into the company or for which they have undertaken to be liable on their shares. The proprietary company is meant to be a family company, or one comprised of a few men, perhaps relatives, who would normally be a partnership but who, owing to the nature of their business or enterprise, desire to have the advantage of registering under the Companies Act. In that type of company there are probably not many who would be qualified or willing to be directors. The directorate often consists of the people who own most of the shares, perhaps the manager of a station—to take the most common case of all. There may be two or more managers of station properties in the North, who would be directors, and they would deal with the company first of all through a contract of service, as managers, and probably almost daily, through buying stores from the company and that kind of thing. The whole of this provision will continue to apply to all public companies.

Hon. J. T. Tonkin: Will the amendment apply to a company incorporated in Victoria as a proprietary company and registered here as a foreign company?

The ATTORNEY GENERAL: I think not. If it were registered in Victoria and re-registered here as a foreign company the amendment would not apply to it. The directorate would then be under the Victorian Act. Foreign companies sometimes have local directorates, but that is not necessary. In some cases they have no directors in Western Australia. They might have a manager and an agent who would accept service of any process if anyone desired to sue the company. Even if they had a director or directors I do not think—as an offhand opinion—that this provision would apply.

The Chief Secretary: There need be only two shareholders and two directors.

The ATTORNEY GENERAL: I am reminded by the Chief Secretary that in a proprietary company there need not be more than two shareholders or two directors. A proprietary company cannot invite the public to take up shares. It cannot go on the market and ask people to put money into it. It is similar to a partnership, but is a partnership that obtains registration under company law and becomes subject to the provisions of that law, enjoying the protection given to shareholders under that legislation. Those are two

cases where the obligation to disclose any personal interest in a contract will remain. But, under the Bill, when it comes to voting at a directors' meeting, the directors of those two classes of companies will not be disqualified from voting because, from the nature of the companies, they will be known by the shareholders to be persons who are practically certain to be making contracts from time to time with the companies, as those companies are of a kind in which the directors will be expected or known to be likely to make such contracts. In the circumstances I think this clause might well remain. There is no similar provision in the English Companies' Act.

When this measure was before Parliament in 1943 and 1944, Section 154 was not discussed, and when it was before the Royal Commission referred to by the member for Kanowna, the only reference to Subsection (6), which is the subject of this Bill, was made by Mr. E. S. Saw, secretary of the Stock Exchange of Perth and the Perth Chamber of Commerce. He said—

> Disclosures by directors of interest in contract—South Australian Section 167: In this instance it is considered that such a director should not have the power to vote when the matter of the contract is being determined. We desire to see provision incorporated accordingly.

I agree with Mr. Saw when it concerns any public company; but when it comes to co-operative and private companies, it would mean that if Subsection (6) of Section 54 continued to apply, it would make the position of a director of a co-operative company almost impossible.

Hon. J. T. Tonkin: Why would it?

The ATTORNEY GENERAL: For instance, take the Collie Co-operative Company as an example. A director of that concern would go to the township perhaps every day or every second day and make a contract with the company, which might take the form of buying tobacco.

Mr. Smith: Would that contract be discussed at a board meeting—his buying tobacco from the store?

The ATTORNEY GENERAL: No, not specifically, but the directors would discuss the purchase of supplies of tobacco, the quantity to be bought and the price to be paid. It would then become a matter for consideration as to what the position of the director would be because a day or two subsequently he would himself be buying some of what had been bought under contract by the directors. No harm could come of not applying this particular provision to the directors of those two classes of companies. At the same time, if we do not apply it to them we will relieve them of a possible difficulty and doubt as to what their situation may be from time to time.

Hon. J. T. TONKIN: The Attorney General is most unconvincing regarding this amendment, and he was obviously in difficulties in dealing with it. To my way of thinking, he has not in any degree justified it. The Act provides simply that a director who is interested, directly or indirectly, in any contract under discussion shall not be qualified to vote in connection with any resolution upon it and shall not vote. We are asked to believe that it will impose a tremendous hardship upon the company, because a man who is interested in the contract under discussion is not to be permitted to vote on it! The mere fact that such a man is interested in and is prevented from voting might affect the decision of the others regarding that matter.

The Chief Secretary: There might be only one director.

Hon. J. T. TONKIN: Tell me one company with one director.

The Chief Secretary: There might be a company with two.

Hon. J. T. TONKIN: Then there would be two directors. They might both be interested in the contract.

The Chief Secretary: There might be one.

Hon. J. T. TONKIN: There could not be a company with one director.

The Chief Secretary: Yes, there could.

Hon. J. T. TONKIN: I disagree. I say the minimum number for a proprietary company would be two.

The Chief Secretary: And one director.

Hon. J. T. TONKIN: No, one manager.

The CHAIRMAN: Order!

Hon. J. T. TONKIN: I will take a lot of convincing before I believe that because a person who is a director and is inter-

ested in a contract, is prevented from voting at a board meeting, it will impose a hardship on the company. The Attorney General suggests that a proprietary company is merely a family partnership. It could be, but not necessarily so. I can call to mind a few proprietary companies that are far from being family affairs. It is necessary for such companies to have 21 members and that obviously provides a fairly wide field for membership comprising people quite unrelated. If the amendment be agreed to, it will enable anyone who is anxious to get a contract through to persuade the directorate against the better judgment of its members to agree to a proposition, because he would be able to talk in connection with it and then vote. If he were chairman, he would be able to cast two votes and so enable a decision to be reached that might very definitely be against the interests of the company. I cannot see that it would impose any hardship upon a co-operative company. If a proposition were so doubtful as to require a vote from a director who was interested, then it would be better if the proposition were not agreed to at all. I hope the Committee will give the amendment the quick death it deserves. It will not improve the situation at all and will possibly create a danger, the extent of which we cannot exactly foresee. We have had some experience of proprietary companies carrying on their business in this State and some years ago a Select Committee investigated the transactions of one. I hope the Committee will reject the amendment.

The ATTORNEY GENERAL: Dealing with co-operative companies I would cite the position of Co-operative Bulk-Handling Ltd. If we do not agree to this amendment, that company will cease to function because the directors will not be able to vote on anything. The company's solicitors drew attention to the effect of the Act as follows:—

> When the company was formed, it was recognised that the directors would be called upon to vote on many resolutions relating to contracts in which they would be personally interested and, in consequence, the articles of association expressly provide that no such contract would be voided by reason of any interested director voting thereon . . . The directors are, of course, shareholders in the company and are all active growers of wheat. As such they do business with the company and are interested in the toll, credits and debentures, and also in the wheat at any time under the company's control. All wheat delivered to the company loses its identity and the company becomes the bailee or possessor of the mass of wheat in which all persons delivering wheat to the company have an interest.

Farmers A, B, C and D, who represent all the directors of Co-operative Bulk-Handling Ltd., deliver wheat to the company. It goes into the bins and becomes one mass. They are then all interested in the mass of wheat that is the total intake of the company for that harvest. Whenever they deal with the wheat, they deal with a matter in which they have a personal interest. Under the Act, they, having a personal interest, cannot vote, and so none of them could vote in relation to the wheat controlled by the company. That is the difficulty which the solicitors have pointed out.

The only alternative would be to amend the articles of association and this would probably necessitate an amendment of the Act to put in as directors people who are not farmers and are not interested in wheat. This, however, would be the direct antithesis of the whole idea of a co-operative concern. As all the directors must be interested in all the wheat, they will never be able to vote on any motion affecting the company's wheat. This means that the directors could not vote at all, and the company's operations would come to an end. There might be other ways of dealing with the matter, but for the time being and in view of the fact that the company is about to come into operation in a month or two, this seems to be the shortest and easiest way to deal with it.

I have not the slightest interest in enabling people to vote when they ought not to vote. I should be the last to approve of anybody exercising undue influence. In a case of proprietary companies, there is not the same hold-up as there would be in the case of Co-operative Bulk-Handling, Ltd., but there could be occasions when difficulty would arise. For example, a proprietary company very often is formed to buy the business of a partnership. The directors of the purchasing business are usually partners in the partnership about to sell its assets, and they would be unable to vote on a matter dealing with the acquisition of the partnership business because they would be personally interested. That would be a difficulty very often encountered. The only way to over-

come that difficulty would be to appoint as directors of the acquiring company people who had nothing to do with the partnership. Such people cannot always be obtained and they would have no interest in the business.

As regards the co-operative company, we must do something or we shall be met with a hold-up at a time that may be serious. With regard to proprietary companies, that is a matter for the Committee to decide, but I think no harm would be done and that much convenience would be occasioned if they were not included in this provision. In a number of places they are not included. In England this provision does not apply, and apparently the position has not been considered to be serious there.

Hon. E. Nulsen: It does not apply to any public company in England?

The ATTORNEY GENERAL: No, but it would apply here to any company in which the public is invited to subscribe to shares. The whole of Subsection (6) of Section 154 would apply, and the only exceptions we desire to make are the co-operative and proprietary companies.

Hon. E. NULSEN: The Attorney General has put up a reasonable case. However, I discussed this clause with a couple of accountants and with a solicitor, and was informed that as regards co-operative and proprietary companies, there is really no need for the amendment, and that in fact the amendment would be dangerous. I was informed that the co-operative company would suffer no hardship. My informants consider that the amendment should be strenuously opposed in the interests of affording protection for shareholders and the general public. I am pleased that the Attorney General has admitted there is really no need for the amendment as applying to proprietary companies. A comparison cannot be made between a company and a syndicate or partnership. A company is protected under the Act and shareholders are not liable individually, but each and every member of a partnership or syndicate is liable. Thus there is a great difference between the two. I should like further time to investigate the matter, and if the Attorney General will afford an opportunity later to consider the clause further, I shall be satisfied. My desire is not to give away anything in the shape of protection afforded to the community.

The ATTORNEY GENERAL: I appreciate the anxiety of members who have spoken to ensure that we do nothing to break down the protection the Act was designed to confer. If we can make progress with the remainder of the Bill, I will give an undertaking to the member for Kanowna, the member for North-East Fremantle and any other member, if he so desires, to recommit the Bill for the further consideration of this clause.

Hon. J. T. TONKIN: In view of the assurance given by the Attorney General, I am prepared to fall in with his suggestion. I would point out, however, that one way to deal with the point might be to insert an amendment providing for the exclusion of the directors of Co-operative Bulk Handling, Ltd., so far as their interests in contracts relating to wheat are concerned. That is the only exception I would be prepared to make. Once the wheat is delivered it loses its identity and consequently it could be held that a director has a continuing interest in contracts. In that event, difficulty might arise and the directors might have to refrain from voting, with the result that the business could not continue.

That would not be the position with respect to all co-operative companies. For example, a co-operative company might desire to purchase land which one of the directors desired to sell to it. The proposition might not be a good one, but the director could, by his influence and voting power, force the company to buy the land. I am not prepared to allow that possibility to arise. In the case of Co-operative Bulk-Handling, Ltd., all its directors would have a continuing interest, either direct or indirect, in all contracts which would come up for consideration. It might be possible to limit their interests to contracts relating to wheat only. If it came to the question of the company adopting some new kind of machinery in which the directors were interested, then I do not think they should have this protection. I admit there is a difficulty with regard to all contracts as the Act stands, and we should meet it.

Clause put and passed.

Clauses 8 to 13—agreed to.

Clause 14—Amendment of Section 347:

Hon. E. NULSEN: This clause deals with a local register to be kept by foreign companies. I do not oppose paragraph (a). I

cannot, however, agree to paragraph (b), which confines the registration of members of foreign companies only to those members who are resident in the State. It is not fair to take away from such members the option to register in the State. I believe that in South Australia, Victoria and New South Wales, persons who are members of a foreign company, but who reside in other parts of Australia or within the British Empire, may register. If the Committee passes this paragraph, we shall be departing from the uniformity in company law that at present exists.

The ATTORNEY GENERAL: I am perhaps to blame for not having explained this matter a little more fully in my opening speech on the Bill. Paragraph (b), to which the member for Kanowna takes exception, deals with the keeping of a branch register in this State by a company which is registered somewhere else. As the Act now stands, any person, wherever residing, may apply to have his name put on the Western Australian branch register, so that a person living in Victoria or New Zealand may apply, for some reason of his own, to have his name put on the Western Australian branch register of a company which is trading here and which has its head office in some other country or State. The idea of the amendment is to limit the branch register to shareholders who live in this State and not to make the branch register available to shareholders living outside the State. I think that is all that is needed in actual practice because it is unlikely that people not living in Western Australia would be anxious to have their names put in a branch register in this State.

The real cause of the trouble is due, I understand, to a provision of the English Companies Act, 1929, which gave English companies power to keep a branch register in any part of the King's dominions for the purpose of recording the names of shareholders who were resident in that part of the King's dominions. So an English company had power by Section 103 of the English Act to set up a branch register in Western Australia for registering the names of all shareholders in that company who resided in this State and companies formed in England made in their articles of association, the instrument of incorporation, provision in the same way—namely, that they might open a branch register in any colony or part of the King's dominions for registration therein of the names of shareholders residing in that particular part of the King's dominions.

Hon. E. Nulsen: The same thing applies in New South Wales, Victoria and South Australia.

The ATTORNEY GENERAL: I am not too conversant with the position in South Australia, but the advice tendered to me was to this effect: Compliance by an English company with Section 347 of the Companies Act, 1943, so far as it requires registration in the branch register of non-resident shareholders applying to be registered would constitute a breach of Section 103 of the English Companies Act. Any article of association adopted by such company to enable full compliance with Section 347 of the State Companies Act of 1943 would be invalid as being inconsistent with the provvisions of the English Companies Act. Therefore a conflict arose between the section of the English Act, which regulated and prescribed the rights of companies formed in England but trading out here on the one hand, and the provisions of our Companies Act, Section 347, on the other hand. The English Act said, "You cannot conduct a branch register except with regard to shareholders living in Western Australia." Our Act said, "You can conduct a branch register of shareholders wherever they live."

That was the difficulty that was experienced, and the matter was brought under the notice of the Government by the then Agent General, Mr. Troy, writing in relation to an English company which had pointed out the difficult position in which it was placed. In order, therefore, that there will be no embarrassing inconsistency between the English Act regarding branch registers and our own Act, it is desired by this amendment to make the two consistent so that both the English Act and the Western Australian Act will confine a branch register to shareholders who are living in this State. I am advised, and believe, that by this amendment, which will remedy that inconsistency, we will do no harm and cause no inconvenience to any shareholder, because it is extremely unlikely that shareholders who do not live in this State will apply to have their names entered in the branch register of this State. I did not give this full explanation when I spoke on

the second reading, but that is the genesis of the amendment.

Hon. E. NULSEN: I am not satisfied with that reply because I do not think it is reasonably fair. Take, for instance, the Swan Brewery. That is a foreign Company. I know of families in this State that have shares in it but they are in the Eastern States and are desirous of having shares registered here, though they do not live here. This amendment imposes more or less a penalty on some people who may want to be registered. If that is their desire, I cannot see any reason why they should not be allowed to register. My advice is that a similar section to that in our Act appears in the Acts of South Australia, Victoria and New South Wales. If that be so, I feel that for consistency's sake we should maintain the Act as it stands.

The ATTORNEY GENERAL: From my reading of the section there would be nothing to prevent a company such as that mentioned by the hon. member from including in its register people living elsewhere. What I am dealing with here is a mandatory position. This is a section which says that the company shall keep a register and shall put in that register the name of every shareholder who so applies in whatever part of the world he lives. That is a big order and it may involve very great difficulty in keeping track of shareholders who may be in distant parts. I am dealing with a compulsory provision and I am limiting that provision to the registration of shareholders who live in this State. I think there is good ground for not extending the compulsion to branch registers beyond shareholders who live in the State.

Hon. E. NULSEN: I do not think we would be imposing a hardship on any company to make the keeping of a register mandatory. It is still optional whether the shareholders register in this State or not. Those desirous of registering here should have that option. We should not be very sympathetic with big companies which are making a reasonable profit. I do not see that keeping a register would penalise them. We discussed this matter when we had the Royal Commission. I would like to hear members, who were on the Royal Commission, express their views, especially in regard to paragraph (b). We should give shareholders every facility possible.

The ATTORNEY GENERAL: I will make the same offer as to re-committal in connection with this clause that I did with a prior one. In the meantime I will show the member for Kanowna the file to refresh his memory, and he may then assist me with the amendment.

Clause put and passed.

Clause 15—agreed to.

Clause 16—Repeal of Section 359:

Hon. E NULSEN: Section 359 should be retained. It is now proposed to repeal the section, vide case quoted by the Attorney General in his speech concerning the contemplated merger of two of our chief banks, both of which are foreign companies in the sense of the Act, and both of which have their head offices in Great Britain. One bank is to pay the shareholders of the other bank by an issue of shares or debentures. Such shares or debentures are to be handed over intact for distribution amongst the shareholders of the institution being absorbed. That is rather an extraordinary case, and I think the Attorney General has based his argument very largely on it. If any new shares or debentures are to be issued, the shareholders in the State should be entitled to their proportion. That section has been in the Act for a good many years, because it is in the old Act of 1893-1944. We should not take away any advantages. If I were to agree to the repealing of this section, I would be doing harm to shareholders in this State.

The Attorney General stated that although these provisions looked to be desirable, in actual practice they represented difficulties far too serious to be implemented. The case he quoted was a special one. The provisions of the Companies Act of 1893 were intended to allow local shareholders to obtain a fair distribution of new shares in foreign companies registered in Western Australia. If this section is repealed it will be to the detriment of those shareholders. Seeing that this provision has been in the old Act, possibly since 1893, and will do no harm if it remains, I oppose its repeal.

The ATTORNEY GENERAL: The member for Kanowna has referred to Section 359 which provides, in effect, that if a company has a new issue of shares or debentures it has to say that if one-fifth of the present shares are held in Western Australia then

one-fifth of the new issue must be reserved for Western Australian people. The hon. member is not quite correct in saying that this section has been in the Act since 1893.

Hon. E. Nulsen: I said it was possible that it had been in the Act since then.

The ATTORNEY GENERAL: It has been in the Act since 1893, or from very early times, but it was then limited to mining, timber, and land companies. Though those companies might be formed outside this State, they would be holding mineral, timber or land concessions in Western Australia and would, very likely, be confining the whole of their business to this State. This has now been given a vast extension, by which it is to be applied to every kind of foreign company. It might be a bank, a trading company or any other sort. When that provision was put in, something like 50 or 60 years ago, the company legislation throughout the British Empire, including Australia, was of a very primitive description. Now it is very advanced and exacting, and it is in the highest degree unlikely that any company in New South Wales or in the Eastern States—which are the main foreign companies operating here—would fail, when issuing new shares, to give to shareholders in this State their right to apply for their due proportion.

In modern company legislation, such as we find in all Australian States, and in England, it would be almost impossible to imagine that they could get away with such a grave injustice. But beyond that, although the section may not have caused any complications in the old days, when confined to mining, timber or land companies, now that it has been extended to all classes of companies it may cause serious embarrassment. I mentioned the merger of two large banking companies which could not comply with this section as it was beyond their power to do so. Any company that may buy assets in exchange for shares cannot comply with the section, as it would be making an issue of shares of which it would not offer part to shareholders in this State. It is bad for this Parliament to incorporate in legislation any provision that cannot be complied with because it is beyond the power of companies to do so. In that way we would only make them offenders against the terms of the Act.

If this provision was necessary to give protection to shareholders in this State it might be amended in some way—I do not quite know how—but under modern conditions there is no need for it, as there is not a million to one chance of any company nowadays, under modern company legislation, issuing new shares and, knowing it has shareholders in Western Australia, failing to offer them their due proportion of the shares. I do not think that in modern days this provision has ever had any merit or substance, and at the present day it is simply an infernal nuisance.

Hon. E. Nulsen: Why should it be a nuisance?

The ATTORNEY GENERAL: Because companies cannot comply with it. They issue shares, perhaps to buy out another company. The Act says that if the company makes an issue of shares in those circumstances it must offer part of the shares to the people in this State.

Hon. E. Nulsen: That is only one phase.

The ATTORNEY GENERAL: There are other phases, to which our attention has been drawn, of difficulties of application and of deciding how to arrive at the proportion between shares partly and fully paid up. I have taken the case of a share issue that is handed over to a vendor in return for some asset which the company has acquired, and in that case this section would be quite unworkable. After consultation with the authorities, who are of the same opinion, I suggest that we may well dispense with this section which, in view of modern company legislation, is no longer necessary.

Hon. E. NULSEN: I am very jealous of the protection and privileges that we have given our shareholders and I do not want them taken away. This section was in the old Act for a long while and, as I heard no complaints about it, I think it should remain. I have discussed the amendment, and have been assured that there is some substance in the section, and that it should not be repealed. I have had that opinion from accountants and from the legal friend I have mentioned. I do not doubt the integrity of the Attorney General in anything he has said on this Bill, but I would like, if necessary, to have the clause re-committed.

The ATTORNEY GENERAL: I am happy to give the hon. member the opportunity to re-commit this clause.

Clause put and passed.

Clauses 17 to 21, Title—agreed to.

Bill reported without amendment and the report adopted.

BILL—COMMONWEALTH POWERS ACT, 1943, AMENDMENT.

Second Reading.

THE MINISTER FOR AGRICULTURE (Hon. L. Thorn—Toodyay) [10.9] in moving the second reading said: This is a small Bill that is complementary to the measure introduced on Tuesday evening, the Wheat Marketing Bill. The same conditions apply, and in the event of the Commonwealth Government not carrying on with wheat marketing it is necessary that we should have the power asked for in this measure. Under the Commonwealth Powers Act of 1943, Section 2, paragraph (c) there is provision for the organised marketing of wheat, wool, meat, butter and, with the consent of the Parliament of Western Australia expressed by a resolution of both Houses, and so long as such consent is not revoked by a like resolution, any other commodity or commodities, but so that no law made under this paragraph shall discriminate between States or parts of States in relation to marketing of any such commodity or commodities. That gives sufficient power to control the marketing of wheat. Should the time ever arrive when we have to take over the control of the marketing of wheat within the State, it is essential that the word "wheat" be deleted from that provision. That is all the Bill seeks to accomplish. I need say nothing more in explanation of it.

Hon. F. J. S. Wise: Suppose the Commonwealth continues with wheat stabilisation, what would be the position?

The MINISTER FOR AGRICULTURE: If that should happen we would not proclaim either the Wheat Marketing Act or this measure. All we ask is that the Bill be passed so that if its provisions be required, we shall be ready to cope with the situation.

Hon. F. J. S. Wise: But the parent Act says a resolution should be passed by both Houses.

The MINISTER FOR AGRICULTURE: Yes.

Hon. F. J. S. Wise: Is the passing of a Bill the same as a resolution of both Houses of Parliament?

The MINISTER FOR AGRICULTURE: It was essential under the Act for the Commonwealth to secure the powers by a resolution of both Houses. I am not sure that it is necessary for a resolution of both Houses to be obtained in order to delete the word "wheat."

Hon. F. J. S. Wise: I think you should read that section again.

The MINISTER FOR AGRICULTURE: Anyhow, I do not think the Leader of the Opposition will have any objection to passing the Bill, because it is essential.

Hon. F. J. S. Wise: I want to know more about it.

The MINISTER FOR AGRICULTURE: I think the hon. member knows a lot about it; more than I do.

Hon. F. J. S. Wise: The House will want to know more about it.

The MINISTER FOR AGRICULTURE: I am telling the House what I know, and I move—

That the Bill be now read a second time.

On motion by Hon. F. J. S. Wise, debate adjourned.

BILL—COMMONWEALTH POWERS ACT, 1945, AMENDMENT

Second Reading.

THE MINISTER FOR AGRICULTURE (Hon. L. Thorn—Toodyay) [10.13] in moving the second reading said: This is a similar Bill, which seeks to amend Section 3 of the Commonwealth Powers Act, 1945, and the object is to add certain words. Section 3 of that Act states—

(1) Subject to the limitations and conditions in this Act contained, the matter of prices (other than prices or rates charged by the State or semi-governmental or local governing bodies for goods or services) is hereby referred to the Parliament of the Commonwealth.

It will be noted that we referred those powers to the Commonwealth. The section continues—

(2) For the purposes of this section the term "semi-governmental or local governing bodies" shall include and shall be deemed to

include all road passenger transport operators whose omnibuses are operated under licenses granted by the Western Australian Transport Board.

The object of the Bill is to add the following words at the end of Subsection (2):—

and any body constituted by any Act which has heretofore or shall hereafter be enacted to make provision for the marketing, sale and disposal of wheat

It is necessary to secure the requisite authority should events prove that it will have to be exercised. I move—

That the Bill be now read a second time.

On motion by Hon. F. J. S. Wise, debate adjourned.

BILL—DRIED FRUITS ACT, 1926, RE-ENACTMENT.

Second Reading.

THE MINISTER FOR AGRICULTURE (Hon. L. Thorn—Toodyay) [10.16] in moving the second reading said: The Bill deals with the dried fruits industry, and perhaps I know more about that than I do about wheat. A most unusual happening occurred regarding the parent Act. It had been on the statute-book ever since 1926 when it was first passed, and through some oversight it lapsed in March of this year. Its application should have been extended by a Bill last session. The necessity for that was overlooked. The member for North-East Fremantle may have his opinion as to how that happened; I have mine. I am not blaming the department for it.

Hon. J. T. Tonkin: You are not blaming me, are you?

The MINISTER FOR AGRICULTURE: Not this time, anyway. I feel it was the responsibility of the Dried Fruits Board to look after its own legislation. If interested in it, that body should have approached the Minister and seen to its re-enactment. The Bill now before the House was introduced in another place and passed without amendment there. Since 1926 the measure has been re-enacted from time to time. Although it has lapsed, no-one has actually suffered in consequence because nothing happened during that period. It is now just a matter of replacing the Act on the statute-book so as to have everything in order.

Hon. F. J. S. Wise: Does it mean that the parent Act, which has lapsed, will now be under discussion?

The MINISTER FOR AGRICULTURE: It must be, because it has to be re-enacted.

Hon. F. J. S. Wise: And all of it must be passed.

The MINISTER FOR AGRICULTURE: I take it we cannot amend it.

Hon. F. J. S. Wise: Why?

The MINISTER FOR AGRICULTURE: That is my information. It must be re-enacted as it is.

Hon. J. T. Tonkin: The Act is embodied in the Bill.

The MINISTER FOR AGRICULTURE: As the parent Act, it has to go through Committee. The schedule will be attached to the Bill later on. I know the Leader of the Opposition fully understands the procedure to be followed. The Act has been of great benefit to the dried fruits industry and it is essential that it should be retained.

Hon. F. J. S. Wise: If there is no Act in existence, it must surely go through Committee again.

The MINISTER FOR AGRICULTURE: The measure was introduced in another place, and my information is that it is not necessary for the Act itself to go through Committee again.

Hon. A. H. Panton: If the Bill is defeated in this House, what happens?

The MINISTER FOR AGRICULTURE: We will be in the blue with regard to the fruitgrowers. It is most important to pass this legislation in the interests of the industry because the Act has enabled a high standard to be set in packing, cleaning and grading, which is so essential on the oversea markets today. It was one of the best Acts ever passed for the industry. This legislation has no influence whatever on prices; it contains no power to fix prices, but is purely a measure to permit of improving the standards in the industry and of controlling it. I consider it essential that the statute be re-enacted. I move—

That the Bill be now read a second time.

On motion by Hon. J. T. Tonkin, debate adjourned.

House adjourned at 10.21 p.m.