

and for the period she would have drawn benefits had this amendment not been effected. We did this because, under the existing legislation, the widow has certain rights, and those rights have been protected by the provisions in the Bill. At present no provision exists whereby the widow's pension ceases on remarriage; and while provision is made in this Bill for cessation of pension on remarriage, any right at present held by an existing widow should not be affected.

Provision is made to allow any member who did not previously take advantage of the provisions of section 10 (4) a further three months in which to exercise his option to back-pay contributions, to the 1st January or a later month of the year of election, subject to the payment so made bearing interest at 4½ per cent.

It was felt we should apply that interest rate because the fund had lost the benefit, through the investment of funds, of the interest rate. If the member had been given the right to back-pay, and so become a full member of this fund, he should meet the interest rate which has been lost by the fund.

On motion by Mr. Andrew, debate adjourned.

Message: Appropriation

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

ADJOURNMENT OF THE HOUSE: SPECIAL

MR. BRAND (Greenough—Premier)
I move—

That the House at its rising adjourn until 2.30 p.m. today (Wednesday).

Question put and passed.

House adjourned at 1.14 a.m. (Wednesday).

Legislative Council

Wednesday, the 23rd November, 1960

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

QUESTIONS ON NOTICE

MILK

Purchase on Butterfat Content

- The Hon. A. L. LOTON asked the Minister for Local Government:

Further to my question asked on Wednesday, the 12th October, 1960, with reference to butterfat content—

- has the Minister now the information that he advised was being sought; and
- if so, what is the information?

The Hon. L. A. LOGAN replied:

The following is a letter from the Secretary of the Metropolitan Milk Board of Adelaide, South Australia, addressed to the Chairman of the Milk Board of W.A.:—

Dear Sir,

The Chairman has asked me to reply to the letter which you addressed to him on the 12th inst.

Pursuant to the Metropolitan Milk Supply Act and the Dairy Supervision Act, milk is paid for at the factory on a butterfat basis, as has always been the case.

It is a fact that the Board fixes the producers price on a gallonage basis, but a conversion is made at 4% butterfat to the gallon (all conversions under the equalisation scheme are made at 4%).

The points raised in your Parliament were probably obtained from the *Stock and Station Journal* or from the *Adelaide Chronicle* which received the information from the South Australian Dairymen's Association.

The prices represent the over-all return per gallon to a city milk producer for milk used for consumption as milk and milk used for manufactured products.

Retrospective payments on butter and cheese will increase this price still further. The figure would vary each month according to the proportion of the milk sold for human consumption.

For example, if the producer receives an over-all return of 6s. 2½d. per lb. fat and he sends in 3.5% milk, he will receive the equivalent of 2s. 3d. per gallon, or if his milk is 5% he will receive the equivalent of 3s. 2½d. per gallon.

The statement was given purely for the information of licensed producers to show them the returns that they might expect under the equalisation scheme and has little connection with the prices fixed by this board which has the power to fix prices for milk sold for consumption as such in the Adelaide metropolitan area only.

Yours faithfully,

(Sgd.) R. B. Cant, Secretary.

A further letter reads as follows:—

Dear Sir,

Further to my letter of the 14th instant I now enclose a cutting from the *Adelaide Stock and Station Journal* dated the 24th August, 1960, which sets out the milk statistics referred to in my letter and which would be similar to the figures for August which were referred to in your Parliament.

Yours faithfully,

(Sgd.) R. B. Cant, Secretary.

An extract from the *Adelaide Stock and Station Journal* of the 24th August, 1960, reads—

Milk Statistics

City milk bonus paid to licensed producers supplying the metropolitan milk area for July was 3s. 0½d. per lb butterfat.

Inferior basic price was 3s. 2½d. per lb, making a total of 6s. 3½d. per lb butterfat.

Here are the full statistics showing prices, purchases and sales figures for the period January to July (inclusive) for the current year and for July 1959-1960—

Metropolitan Milk Supply Area July 1960

Interim Prices

| | | lb Butterfat | s. | d. |
|---------------------|------|-----------------|----|----|
| Interim basic price | | | 3 | 2½ |
| City milk bonus | | | 3 | 0½ |
| | | | 6 | 3½ |

| Test | 3% | 3.5% | 4% | 4.5% | 5% |
|--------------------------|--------|-------|-------|--------|-------|
| | s. d. | s. d. | s. d. | s. d. | s. d. |
| Interim price per gallon | 1 11.3 | 2 3.2 | 2 7.2 | 2 11.0 | 3 2.8 |

Statistics (to nearest thousand gallons)

| | | 1959 | 1960 |
|-----------|------|----------------------|--------|
| Purchases | | 2,075 | 2,325 |
| Sales | | 1,495 | 1,522 |
| Quota | | 72% | 65% |
| | | Jan. to July 1959 | 1960 |
| Purchases | | 14,400 | 15,286 |

All prices given above are interim only and subject to increase by retrospective payments.

These figures are supplied by S.A. Dairymen's Association Inc.

The letters and extract were tabled.

WEST KIMBERLEY

Government's Policy on Ports

2. The Hon. H. C. STRICKLAND asked the Minister for Mines:

Is it the intention of the Government to adhere to the Liberal Party's election policy which provided for one deep-water port only in West Kimberley?

The Hon. A. F. GRIFFITH replied:

Not necessarily only one deep-water port will be provided for West Kimberley. The whole question of the provision of deep-water port facilities in the north is at present under consideration.

MILK IN BOTTLES*Price*

3. The Hon. H. C. STRICKLAND asked the Minister for Local Government:

- (1) Was it lawful for the storekeeper nearest Palm Beach jetty, Rockingham, to charge 1s. 4d. for a bottle of *Sunny West* milk on the 20th November, 1960?
- (2) Was it lawful for the same storekeeper to refuse to refund fourpence when the empty milk bottle was presented on the 21st November, 1960?
- (3) If the storekeeper acted within the law, what measures will the Government propose in order to prevent such blatant profiteering?

The Hon. L. A. LOGAN replied:

- (1) No.
- (2) No.
- (3) The matter will be investigated.

CUNDERDIN HIGH SCHOOL*Accommodation in Agricultural Wing*

4. The Hon. N. E. BAXTER asked the Minister for Mines:

- (1) How many new students can be accommodated at the agricultural wing of the Cunderdin High School during 1961?

Applications for Enrolment, and Priority

- (2) How many applications have been lodged for enrolment for the year 1961?
- (3) How many of the applicants are sons of *bona fide* farmers?
- (4) (a) Is preference to be given to applicants from the eastern and north-eastern wheatbelt;
(b) if not, why not?

The Hon. A. F. GRIFFITH replied:

- (1) 23.
- (2) 35.
- (3) 26.
- (4) (a) Yes.
(b) Answered by (a).

BILLS (3)—FIRST READING

1. Broken Hill Proprietary Company's Integrated Steel Works Agreement Bill.

Bill received from the Assembly; and, on motion by The Hon. A. F. Griffith (Minister for Mines), read a first time.

2. Fremantle Harbour Trust Act Amendment Bill.

3. Agriculture Protection Board Act Amendment Bill.

Bills received from the Assembly; and, on motions by The Hon. L. A. Logan (Minister for Local Government), read a first time.

BRANDS ACT AMENDMENT BILL*Report*

Report of Committee adopted.

Third Reading

On motion by The Hon. A. R. Jones, Bill read a third time, and transmitted to the Assembly.

**LAND TAX ASSESSMENT ACT
AMENDMENT BILL***Second Reading*

Debate resumed from the 22nd November.

THE HON. H. K. WATSON (Metropolitan) [4.48]: This is a Bill to reduce land tax; and, as I have said before, the Minister can always count on my support for any Bill which will reduce a tax.

The Hon. A. F. Griffith: Good!

The Hon. H. K. WATSON: It may be a matter for regret that the proposed reduction of tax on improved land is merely to be 10 per cent. as against the promised 25 per cent. The Minister in moving the second reading of the Bill certainly gave a reason for the reduction being restricted to 10 per cent. instead of the 25 per cent. as promised—the explanation being the jaundiced eye with which the Grants Commission would look at the proposal if the reduction were any greater. But it is not so long ago that, in connection with betting, the House proceeded to deal with and pass legislation in which there was a distinct possibility of a reduction in revenue with equal consequences. For that reason my own personal view would be that in considering these matters the results, according to the approach to the question which may be made by the Grants Commission, ought not to weigh with us overmuch. Anyhow I suppose the tax-paying public can at least be thankful for small mercies.

The Hon. G. E. Jeffery: You would have to put your bifocals on to find it.

The Hon. H. K. WATSON: The other proposal in the Bill is to clarify a rather peculiar position which has existed since 1956, and which arose out of an amendment made in that year. The proposal in this Bill is to make it clear that, so far as city land is concerned, it shall not be deemed to be improved unless improvements to the extent of one-third of the unimproved value of the land have been made on that land.

So far as the reduction is concerned I will offer these comments: I am not at all sure that the reduction ought not to have taken the form of an amendment to the Land Tax Act—that is the taxing Act—rather than in this Land Tax Assessment Act. But inasmuch as it is proposed that it should take place in the Land Tax Assessment Act, I suggest that the

method and manner in which it is proposed to do that in this Bill could be improved upon.

There is a lengthy provision here which proposes to provide that formula whereby the refund or reduction is to be calculated. But yesterday Mr. Wise raised a query in connection with it; and, as I understood his query, he was somewhat afraid that the rebate of 10 per cent. might be allowed not only on improved land, but also on unimproved land. I do not think that possibility exists, but I do think that the clause as drafted at the moment does not give effect fully to the avowed intention of the Bill of granting a rebate of 10 per cent. in land tax on the unimproved value of land.

The position is rather complicated, but perhaps I may be permitted to try to explain it this way: Up to 1956 the taxing Act—that is the Land Tax Act—provided that land should be taxed at 2½d. in the pound on the unimproved value; that is to say land, whether it was improved or unimproved, should be taxed at 2½d. in the pound on the unimproved value. Then, in section 9 of the Land Tax Assessment Act we had a provision that improved land should enjoy a rebate of 50 per cent. The taxing Act merely indicated the tax, regardless of whether the land was improved or unimproved; and then section 9 of the Land Tax Assessment Act declared that the owner of land which was improved land ought, in respect of such improved land, be granted a rebate of 50 per cent.

That position was varied in 1956. But inasmuch as this rebate is now being granted it would seem to me that instead of granting it by the proposed lengthy subsection which it is intended to add to section 8, the proper section to deal with it is section 9 of the principal Act, wherein the rebate provision stood, and was understood, for 50 years. I do feel that this simple method of granting the rebate, instead of the long and rather ambiguous provision which is in the Bill, should be carried out virtually by restoring the substance of the rebate provisions of section 9 as they stood for 50 years up to 1956.

I feel that an amendment to the Bill along those lines is also necessary if the Bill is to do what it purports to do. If you will bear with me for a moment, Mr. President, I would make bold to assert that the last few lines of the provisions in the clause granting the rebate create an anomalous position and do not, in fact, give a landowner a 10 per cent. rebate on the tax which he pays.

The Hon. A. F. Griffith: On the total tax he pays?

The Hon. H. K. WATSON: No, on the tax he pays in respect to his improved land. I think we all agree that it is the intention of the Bill to grant him a rebate

of 10 per cent. on the tax he pays on his improved land, and only on his improved land.

The Hon. A. F. Griffith: That is right.

The Hon. H. K. WATSON: For the purposes of simplicity I will take as an illustration the land value of £60,000, because that is a figure set forth in the taxing Act, and an actual amount of tax is given. Accordingly it will allow you, Mr. President, and members to follow the argument a little more readily if I take £60,000 as an illustration. The position is that if a person owned land, which was improved land, to the value of £60,000, the tax on that would be £906, and 10 per cent. of that amount is £90. That is the rebate which he is to be granted. We are all agreed on that; but if that person happened to own £60,000 worth of land of which £30,000 was improved land and £30,000 was unimproved land, one would naturally assume that the rebate which that person would receive would be £45. The rebate would be £90 if he owned £60,000 worth of improved land; and a rebate of £45 in respect of a total holding of £60,000, half of which was improved and half of which was unimproved.

The Hon. A. F. Griffith: How do you calculate the £45?

The Hon. H. K. WATSON: It is half of £90.

The Hon. A. F. Griffith: You are talking about £60,000 worth of completely improved land.

The Hon. H. K. WATSON: Yes.

The Hon. A. F. Griffith: The taxation deduction on that is 10 per cent.

The Hon. H. K. WATSON: It is 10 per cent. of £906.

The Hon. A. F. Griffith: With £30,000 worth of unimproved land and £30,000 of improved land, what would the tax deduction be?

The Hon. H. K. WATSON: It should be £45 to be equitable. That is half of £90. On land valued at £60,000, with £30,000 improved and £30,000 unimproved, the tax is more than £906. If the £60,000 worth of land were all improved, the tax would be £906. On the illustration of £30,000 improved and £30,000 unimproved, the total tax is £1,031. The £125 extra is due to £30,000 worth of the land being unimproved.

The Hon. A. F. Griffith: That is the one penny surcharge.

The Hon. H. K. WATSON: Yes, but it still in no way weakens my point that the rebate to the last-mentioned person ought to be £45. According to my reading of the Bill he is to get a rebate on the land tax which would have been payable by him on the basis that he owned the improved land and no other land. That being so, had he owned the improved land and other land his total holding would have been £30,000, on which the tax would be £281—and 10

per cent. of £281 is £28. Therefore, as the Bill stands, I cannot help but think it contains a drafting error. Such a person, instead of getting a 10 per cent. rebate of the tax he pays on his improved land, will get a rebate of only about 5 per cent. The point to bear in mind is this: Where a person has £30,000 worth of improved land and £30,000 worth of unimproved land he is not assessed in the first place as though he had £30,000 worth of land for the purpose of calculating the tax on the improved land, and then £30,000 worth for the purpose of calculating the tax on the unimproved land. The taxing Act provides a sliding scale, rising with the increase in value, and the two £30,000s are thrown together for the purpose of calculating his rate.

He is assessed on that basis; but when it comes to granting a rebate, that rebate, at the moment, is expressed on the basis that he owned improved land and did not own the unimproved land which is, in fact, helping to swell the rate on his improved land. This is a matter which perhaps could be dealt with more fully in Committee; but I mention it now in order that some thought may be given to the question, because a simple amendment to section 9 of the Land Tax Assessment Act—declaring that on tax paid on improved land an owner shall obtain a rebate of 10 per cent.—would not only restore the position in principle as it existed for 50 years, but would also remove the anomaly which appears to me to exist in this measure.

The provisions as they now stand will also involve the assessor in all sorts of calculations in order to arrive at the 10 per cent. rebate. As a matter of mechanics in the department, the provisions which we pass here should be readily capable of being calculated; and that would be another advantage if the Bill were re-drafted in the manner I have suggested.

THE HON. A. F. GRIFFITH (Suburban—Minister for Mines—in reply) [5.7]: It is pleasing to be able to introduce a Bill which brings about a measure of tax relief rather than one that imposes a tax; and I am very glad this Bill has received the support that it has. I am grateful to Mr. Wise for his comments; and equally grateful to Mr. Watson.

In respect to the matter brought forward by Mr. Wise when he was speaking on the second reading—and also mentioned by Mr. Watson—I point out that what the Government intended when this Bill was brought down is perfectly clear. The sole intention of the measure is to give a 10 per cent. rebate of tax to a person in respect of his improved land. That is the best second reading speech I could make in respect to this matter. The Bill goes no further than that. It does not deal with unimproved land; and it

does not deal with the tax or any consideration of it. It is simply intended to give a 10 per cent. rebate of the tax to the person who has improved his land.

It so happens, as Mr. Watson said, that under the Land Tax Assessment Act there is a schedule which is used for assessing the amount of tax payable in respect of improved land and unimproved land. For argument's sake, let us say a man has £5,000 worth of improved land and another man has £5,000 worth of unimproved land. The schedule in the Land Tax Assessment Act is used to compile the tax for both of these men; but in the case of the unimproved land, a surcharge of one penny is added to the amount of the tax. I think this is something we will be better able to sort out in Committee; but in order to remove any doubt, I repeat that I am grateful to the members who have pointed out the ambiguity of the latter part of clause 2.

In order to sort out the position, I have contacted some Treasury officers and Crown Law Department officers, and I think I can suggest a simple way of removing the ambiguity. On page 3, lines 3 and 4, the words "and no other land were held by the owner" could be deleted, and the words "were the land owned by that person" substituted in lieu. That would clarify the situation.

Mr. Watson suggested that a person who had £60,000 worth of land, of which £30,000 was improved and £30,000 was unimproved, would, without the surcharge, pay £906 in tax. If that person owned £60,000 of improved land, his deduction would be £90; and Mr. Watson asks us to accept the proposition that in the event of £30,000 being improved and £30,000 unimproved, the deduction should be 50 per cent. of the £90. That is not right. The deduction should be 10 per cent. of the tax levied under the schedule as it applies to the improved land only. We should forget all about the unimproved land, because we are not interested in it.

Mr. Watson gave two examples. In one he said the rebate would be £90; and in the other, he said, "It is reasonable to assume the rebate should be £45." That is going far in excess of the intention of the Bill.

The Hon. H. K. Watson: He is paying £900 tax.

The Hon. A. F. GRIFFITH: Yes, because land tax is charged on the lump value of land owned by a person. The tax is calculated under the schedule of the Land Tax Assessment Act. When one gets a tax return in respect of land which one owns, if one happens to own improved land and unimproved land, he gets a tax assessment for all of the land calculated in accordance with the schedule to which I referred.

The Hon. H. K. Watson: That is my point.

The Hon. A. F. GRIFFITH: Included in that assessment is a penny surcharge on the value of the unimproved land. So, when the figure of £906 is mentioned, that is the tax applicable in the case of improved land. But when it is a case of £30,000 improved land and £30,000 unimproved land, the Government intends to give a 10 per cent. reduction on that portion of the holding that is improved; and no reduction on that portion which is unimproved. However, I feel this point could be better dealt with in Committee.

Question put and passed.

Bill read a second time.

In Committee

The Chairman of Committees (The Hon. W. R. Hall) in the Chair; The Hon. A. F. Griffith (Minister for Mines) in charge of the Bill.

Clause 1 put and passed.

Clause 2—Section 8 amended:

The Hon. H. K. WATSON: For the reasons I have mentioned, and with a view to stating the proposition more clearly, more briefly, and more accurately in a subsequent clause, I move an amendment—

Pages 2 and 3—Delete paragraph (c). I join issue with the Minister.

The Hon. A. F. Griffith: I am not surprised at that.

The Hon. H. K. WATSON: If a person, in the instance I have mentioned, pays £906 plus £125 by way of surcharge for unimproved land, we cannot get away from the fact that on the improved land which he holds he has paid half of £906, or £453; and, having paid that amount, my intention is to give that man a 10 per cent. rebate of the tax he has paid on the improved land; and I say the rebate should be £45. To say that we have to take the unimproved land in for the purpose of calculating the tax on improved land and excluding it for the purpose of calculating the rebate, seems illogical and unjust.

My amendment does not provide for one threepence of rebate on unimproved land; it simply provides that the taxpayer shall get a 10 per cent. rebate of the tax which he has paid on his improved land.

The Hon. A. F. GRIFFITH: If a man is in possession of improved land to the value of £30,000, and unimproved land to the value of £30,000, his tax will be £906 5s. plus £125 surcharge.

The Hon. H. K. Watson: That is correct.

The Hon. A. F. GRIFFITH: If the improved land is worth £60,000, the tax will be £906.

The Hon. H. K. Watson: Correct.

The Hon. A. F. GRIFFITH: If the value is £30,000, the tax will be half of £906, or £453. If the man has improved land worth

£60,000 or £30,000, and no other land, the deduction would be 10 per cent. of whichever amount it might be—£906 or £453, would it not?

The Hon. H. K. Watson: No.

The Hon. A. F. GRIFFITH: The honourable member can tell me what 10 per cent. is of £906.

The Hon. H. K. Watson: That is not the proposition.

The Hon. A. F. GRIFFITH: Well, it is my proposition.

The Hon. G. C. MacKinnon: It is a fallacious proposition.

The Hon. A. F. GRIFFITH: If a man had improved land, worth £30,000, and nothing else—

The Hon. H. K. Watson: His tax would be £281.

The Hon. A. F. GRIFFITH: Yes. The surcharge is not calculated in that.

The Hon. H. K. Watson: It has nothing to do with the surcharge.

The Hon. A. F. GRIFFITH: I know. The honourable member says that if a man has land worth £60,000 the rebate of tax is £90; and if he has £30,000 worth of improved land and £30,000 worth of unimproved land, the compilation should be on the basis that he gets £45 on £30,000. But the £906 includes the surcharge.

The Hon. H. K. Watson: No. The surcharge is over and above that.

The Hon. A. F. GRIFFITH: Let us take a more simple amount.

The Hon. H. K. Watson: This is an easy amount because it is in the Act.

The Hon. A. F. GRIFFITH: The amount of £5,000 is also in the Act. It is not intended that the amount of tax deduction shall be given in respect of the compilation of the unimproved land.

The Hon. H. K. Watson: Therefore it is not 10 per cent. of the tax paid.

The Hon. A. F. GRIFFITH: It is 10 per cent. of the improved value, and not 10 per cent. of any compilation on a collective value. If we are going to make it 10 per cent. on any compilation of a collective value, we are going to exceed 10 per cent.

The Hon. H. K. Watson: No.

The Hon. A. F. GRIFFITH: I think we will; and if we exceed 10 per cent. we will be increasing the amount of rebate and so putting the Crown into the position of having to foot the bill for the amount beyond 10 per cent. Let us hear the honourable member explain that.

The Hon. H. K. WATSON: I assure the Minister that my proposition is designed to do no more than give the taxpayer a rebate of 10 per cent. on the tax he pays on his improved land.

The Hon. A. L. Loton: That is what the Bill tries to set out.

The Hon. H. K. WATSON: Yes; and my proposition attempts to do no more than that. The Bill says, "You shall not have a rebate of the tax which you actually pay on your improved land, but of the tax that you would pay on your improved land if you own no other land except the improved land." That is where the rebate gets away from the base. The taxing base is that the rate of tax payable on the improved land is governed by the total land held by the taxpayer. Over and above that amount of tax, he pays one penny in the pound on the value of the unimproved land he holds.

I assure the Minister that my amendment does no more than provide a rebate of 10 per cent. of the tax applicable to the improved land held by a taxpayer.

This question would not arise if the land tax were applied on a flat rate. The fact remains, however, that in assessing a person for land tax, we assess him, even on his improved land, according to the total value of the land he holds.

To illustrate my point a little differently, may I remind members that what I am suggesting will simply give effect to the same principle as we dealt with last year in respect to probate duty. Certain gifts were exempt from probate duty, but the Bill provided that the balance that was not exempt had to be taxed at a rate arrived at by including the value of the exempted portion. The same principle applies here. Unless my amendment is adopted, a person in the position described in my illustration will pay £450 on improved land of a value of £30,000, plus £450 on the value of his unimproved land, plus £125 surcharge for his unimproved land. Now, according to all the laws of the game, that man would be entitled to a refund of £45. But the tax on £30,000, and nothing else, is only £281; and 10 per cent. of £281 is only £28. So the effective rebate is 5 per cent. and not 10 per cent.

The Hon. G. C. MacKINNON: I wonder whether the Minister would advise us whether a rebate of 10 per cent. will be granted on the payment of all the tax for improved land. If the answer is "Yes," the other argument follows as to whether the Bill actually does accomplish that purpose.

If the Government has worked in a slightly different way and has decided it can grant relief of a certain amount, and has arrived at the conclusion that this is the way that relief can be granted, then the original statement regarding a 10 per cent. rebate is, according to my understanding, wrong. But the Bill might, in fact, be accomplishing the Minister's purpose.

If the purpose is that a 10 per cent. rebate shall be granted in relation to improved land, the amendment is open to

very sharp discussion as to whether it actually does accomplish the wishes of the Government.

The Hon. A. F. GRIFFITH: The purpose of the Bill is to give a 10 per cent. rebate of tax on the amount of tax paid on improved land, without any consideration for unimproved land. Let us take a man who has £20,000 worth of land, of which the improved land represents £5,000 and the unimproved £15,000. A reference to the schedule shows that he will pay £156 5s. plus one penny in the pound on the £15,000.

The Hon. H. K. Watson: Yes.

The Hon. A. F. GRIFFITH: That works out to £62 10s. So the tax payable on his total holding of land worth £20,000 is the sum of those two figures; namely, £218 15s. According to Mr. Watson's calculation, if he has to pay tax on the £20,000 worth of improved land he would be entitled to a quarter of £156, which is £39 1s. 3d.; and 10 per cent. of that is £3 18s. 1d. Forgetting about his unimproved land we can say that on his £5,000 worth of improved land he pays tax, according to the schedule, of £31 5s., and 10 per cent. of that is £3 2s. 6d.

Calculated on the basis on which the honourable member wishes it calculated, he would receive a rebate of £3 18s. 1d. on the tax; and, calculated on the way it is intended to be calculated, he would receive £3 2s. 6d. So, by the honourable member's way, he would pick up 15s. 7d. That would cost the Treasury plenty. In order to sort this out, in the event of there being any ambiguity, I hope the Committee will vote against Mr. Watson's amendment and so permit me to alter the wording which appears in lines 3 and 4 on page 3, such wording being, "and no other land were held by the owner," with a view to substituting the words, "were the only land owned by that person." This would mean that the compilation of a tax deduction would be made on the improved land, that being the only land owned by that person. That would fulfil the object of the Bill. I cannot do better than that. We have already debated this through to a point where Mr. Watson and I agree that the tax, on his calculation, would be £3 18s. 1d.

The Hon. H. K. Watson: I say that is intended on your calculation.

The Hon. A. F. GRIFFITH: No; that is the honourable member's calculation. My explanation is that on £5,000, the tax payable, under the schedule, is £31 5s. If he had £5,000 worth of improved land, but no other land, he would pay £31 5s. He could have £1,000,000 worth of unimproved land, but the improved land, worth £5,000, is the amount on which we calculate the rebate of tax. That is the intention of the Bill. Therefore, I hope that is quite clear to the members of the

Committee. If it is not I am quite prepared to be cross-examined further on the matter before it is put to the vote.

The Hon. H. K. WATSON: For many years, up to 1956, section 9 of the Land and Income Tax Assessment Act read this way—

Every owner of improved land shall, in respect of such land, be entitled to a rebate of one-half of the tax levied on the unimproved value thereof as assessed under the provisions of this Act.

That in principle is all that is required to give true and proper effect to the alleged object of the Bill. If the Minister persists in putting through the Bill to grant an amount of rebate only on the tax which a man would pay on a lesser amount, and which he would have paid if that had been the only land which he owned, it will be nothing less than the three-card trick.

The Hon. A. F. GRIFFITH: I do not play cards and I do not use the three card trick, whatever that may be.

The Hon. A. R. Jones: I will teach you one day.

The Hon. A. F. GRIFFITH: I hope that when the honourable member does, it will not give me a figure of £3 18s. 1d. instead of £3 2s. 6d., because I would lose. The intention of the Bill is not to give a rebate on the amount of tax—

The Hon. H. K. Watson: It is a rebate on the tax that he paid on his improved land.

The Hon. A. F. GRIFFITH: Yes. If we accept that proposition and if Mr. Watson tells me that the simple equation I gave him in regard to a man who has £5,000 worth of unimproved land and £15,000 worth of improved land gives a calculated rebate of £3 18s. 1d., that will be one-quarter of the total tax. It is not intended that it should be one-quarter of the total tax, but 10 per cent. of the total tax he pays on improved land. It is one-quarter of the total tax without taking into consideration the penny surcharge.

The Hon. H. K. Watson: That is right.

The Hon. A. F. GRIFFITH: And that is one-quarter of £156.

The Hon. H. K. Watson: That is right.

The Hon. A. F. GRIFFITH: Perhaps I could put it this way: There are two men. One has an improved block of land worth £5,000 and he does not own any other land. According to the schedule, he pays £31 5s. tax on that; and 10 per cent. of £31 5s. is £3 2s. 6d. The other man who lives in, say, Mt. Lawley, has a £5,000 improved block of land, and he also has 100 acres of unimproved land at Morley Park. According to Mr. Watson's calculation, he is entitled to a rebate of £3 18s. 1d. However, the Bill does not intend that.

That man can be entitled to only £3 2s. 6d. which is 10 per cent. of the amount of tax on his improved land; that is, such land as if he had no other land, but improved land. That is the intention of the Bill.

The Hon. G. C. MacKINNON: I previously put this point to the Minister, and I will put it again: If it is the Government's intention that there shall be a sliding scale of tax on the actual tax paid—

The Hon. A. F. Griffith: Where do you get the sliding scale?

The Hon. G. C. MacKINNON: If the Minister will wait a minute, I will explain. From the money that a man places on the table in respect of his improved land, the Government takes 10 per cent. and gives it back to him. Without equivocation, I understood the Minister to say that that was the intention of the Bill: that if I owned a block of land on which the tax was calculated and I paid my tax and it was then said that a quarter of my land was improved, the Treasury would take a quarter of that amount, deduct 10 per cent. from it and give it back to me. In fact, however, that is not the intention of the Bill. The intention of the Bill is not to give a man a 10 per cent. rebate on the amount of improved land at present owned on the hypothetical basis that he owns no other land. That is a different basis. If that is the basis, I agree with the Bill as it is, and I am quite happy about it.

The Hon. F. D. Willmott: It is a 10 per cent. rebate on the unimproved value of the land.

The Hon. G. C. MacKINNON: It is not 10 per cent. on the actual amount paid. The actual intention of the Bill is to effect a rebate on a sliding scale. It is a 10 per cent. rebate only on the hypothetical understanding that a man owns no other land; but on the basis that the tax is calculated on a lump sum, it is no longer a straightout reduction. It is merely a question of making sure that the Bill carries out the intention of the Government. It appears from what the Minister says that it will carry out the Government's intention and that it will be quite all right.

Amendment put and negatived.

The Hon. A. F. GRIFFITH: I move an amendment—

Page 3, lines 3 and 4—Delete all words after the words "improved land" down to and including the word "owner" and substitute the words "were the only land held by that person."

The Hon. H. K. WATSON: I will not oppose the amendment, but I suggest to the Minister that if, on any future occasion he attempts to explain what the Bill

has done, he should express himself in the precise words that he is now seeking to insert. He should not say that we have granted a person a 10 per cent. rebate of the tax which he pays on improved land, but a 10 per cent. rebate on the lower tax he would have paid if his improved land were the only land owned by him.

Amendment put and passed.

Clause, as amended, put and passed.

Clauses 3 and 4 put and passed.

Title put and passed.

Report

Bill reported with an amendment and the report adopted.

Third Reading

On motion by The Hon. A. F. Griffith (Minister for Mines), Bill read a third time, and returned to the Assembly with an amendment.

METROPOLITAN WATER SUPPLY, SEWERAGE AND DRAINAGE ACT AMENDMENT BILL

Second Reading

Debate resumed from the 22nd November.

THE HON. A. F. GRIFFITH (Suburban—Minister for Mines—in reply) [5.48]: The main criticism against this Bill seems to be levelled on two grounds. One was the doubt in the minds of Mr. Davies and Mr. Strickland as to the necessity for the taking of any validating action in respect of the methods adopted by Ministers for Water Supplies in the past. It would be desirable, first of, all, if I were to clear up that point.

The Minister for Water Supplies asked for advice from the Attorney-General on the question of putting into effect a different basis of rating, only to find that the advice of the Solicitor-General indicated that the actions of previous Ministers were *ultra vires* the Act; that their actions were invalid; that there was a grave doubt of the validity of the notices which had been sent out by the Water Supply Department, and of the power of the Minister to collect any rates in the future.

The first step that has to be taken is to validate what the previous Ministers have done and what the present Minister is doing. The Ministers have assessed water rates in a manner contrary to section 74 (2) of the Metropolitan Water Supply, Sewerage and Drainage Act. This section states that the valuer shall value the property, allow certain deductions, and assess a rate for water.

The method employed by the Ministers up to the present time has not been the method outlined in that section of the Act. The method employed by them has been to value the property, apply a percentage of

the valuation according to the suburb in which the property was situated, and then assess the water rate for the suburb. According to the Solicitor-General that method is invalid and has to be rectified. That is the first thing the Bill seeks to do.

The next criticism against the Bill appears to be based on the fact that the Taxation Department will become the authority for the assessment of valuations, and that officers of the Water Supply Department will no longer be able to do this, as they have in the past. Mr. Davies said that in his opinion this was a most unsatisfactory state of affairs. He asked in effect what the Commissioner of Taxation for the Commonwealth could do which the State officers could not do.

The most important thing he will be able to do is to relieve the situation which prevailed in the past, when one suburb was rated on one valuation, while another suburb was rated on another valuation. That situation will be overcome, and an instruction will be sent out by the Water Supply Department that one suburb shall not be assessed before another. At a certain point of time we will be able to ask the valuers of the Taxation Department to value the whole suburb at one time, and not just one section. The points used in arguing against the exorbitant water rates assessed in respect of Subiaco or some other district will not arise again. Instead of the present situation in which the suburbs of Claremont and Nedlands were revalued in 1955 but the suburb of Subiaco was not until recently, in future the suburbs will be valued at the same time.

The Hon. E. M. Davies: The Taxation Department cannot carry out all revaluations at the same time; how then will it be able to tackle the extra work?

The Hon. A. F. GRIFFITH: The Taxation Department has not had the opportunity to carry out all the valuations at the same time.

The Hon. E. M. Davies: Its valuations for land tax purposes are five years behind.

The Hon. A. F. GRIFFITH: The Deputy Commissioner of Taxation of the Commonwealth is also the Commissioner of Taxation for Western Australia. In his combined duties, he has to value properties for probate; value properties for land tax; value properties for vermin tax; value properties for stamp duty; value properties for the metropolitan regional improvement tax; value properties for the purposes of local governing authority rates.

Further, he has the authority to collect entertainments tax. Relating to my portfolio of Minister for Housing, he also values properties for the purposes of the Housing Loan Guarantee Act. The only sphere in which he has no authority to value properties is in respect of water rates.

Who is better able than the Commissioner of Taxation, and who is better equipped to strike a rate in connection with water charges? This man possesses all the knowledge of property valuations throughout the State.

The Hon. E. M. Davies: Some of his examples of valuation are not accepted by some people.

The Hon. A. F. GRIFFITH: Frequently we find the valuations of the Commissioner of Taxation are unacceptable to some people. That does not make those valuations any less accurate.

The Hon. L. A. Logan: Unless the owners want to sell the properties.

The Hon. A. F. GRIFFITH: That is a worthy interjection. Often when the owner of property appeals against his local authority rates, the chairman of the appeal board poses this question, "What will you sell the land for?" The rejoinder is generally along this line: That has nothing to do with the valuation. In my view it has something to do with the valuation. The valuation of the Taxation Department is accepted for all material purposes. Who is in a position to argue about the valuation in respect of probate?

The Hon. E. M. Davies: Yet there are arguments.

The Hon. A. F. GRIFFITH: Sometimes the appellants win their cases. When they win, the valuation is altered accordingly. I contend that no-one is better equipped than the Commissioner of Taxation to deal with valuations.

We can have a choice between his valuation and the valuation of someone else. Here, I refer to what was related in this House. A property was valued by an inspector of the Water Supply Department who walked along the street and took a look at the property.

The Hon. E. M. Davies: That was what the people in Subiaco complained about.

The Hon. A. F. GRIFFITH: We will remove such a situation by the passing of the Bill. We will have proper valuations made, and they will be all done at the same time.

The Hon. E. M. Davies: This department bases its valuation on the sale price of a similar property around the corner, which may not be comparable at all.

The Hon. A. F. GRIFFITH: The valuers of the Taxation Department are well qualified for this work. We will always have differences of opinion, not only in respect of valuations, but also in respect of law or the interpretation of Bills introduced in this House.

The Hon. E. M. Davies: When there is a discrepancy of £900 it makes one wonder.

The Hon. A. F. GRIFFITH: To my way of thinking the method proposed in the Bill is a better one than that being used

at present. We will be in a position to have all the properties valued at the same time. Under the method now employed, at some stage of the proceedings rate-payers will have to face up to a situation, similar to the one which faces the rate-payers of Subiaco, whereby an increase in the valuation of properties resulted in increased water charges. We will prevent such a situation by getting all valuations done at the one time on an equitable basis. Apart from that, no real objections were raised against the Bill.

Mr. Strickland said it was an excuse which the Government had to introduce a Bill of this nature. I say to him that it is not an excuse. It is necessary to introduce a Bill, according to the advice of the Crown Law Department. Of course, the Government has to act on such advice. The advice of the Crown Law Department is that it is necessary to validate the actions which have taken place not only under the present Minister, but previous Ministers. The Bill seeks to achieve that.

Next year a rate will be struck. Generally speaking, the rate will be much better applied than the rate which is now struck. People who will be assessed on a certain basis next year will have their valuations made at the same time as other properties are revalued. Generally speaking there will be a reduction in the charges made for water.

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

Ayes—15.

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|---------------------|----------------------|
| Hon. C. R. Abbey | Hon. G. C. MacKinnon |
| Hon. N. E. Baxter | Hon. C. H. Simpson |
| Hon. J. Cunningham | Hon. S. T. Thompson |
| Hon. A. F. Griffith | Hon. J. M. Thomson |
| Hon. J. G. Hialop | Hon. H. K. Watson |
| Hon. A. R. Jones | Hon. F. D. Willmott |
| Hon. L. A. Logan | Hon. J. Murray |
| Hon. A. L. Loton | (Teller.) |

Noes—13.

| | |
|----------------------|-----------------------|
| Hon. G. Bennetts | Hon. F. R. H. Lavery |
| Hon. E. M. Davies | Hon. H. C. Strickland |
| Hon. J. J. Garrigan | Hon. J. D. Teahan |
| Hon. W. B. Hall | Hon. R. Thompson |
| Hon. E. M. Heenan | Hon. F. J. S. Wise |
| Hon. R. F. Hutchison | Hon. W. F. Willesee |
| Hon. G. E. Jeffery | (Teller.) |

Majority for—2.

Question thus passed.

Bill read a second time.

In Committee

The Chairman of Committees (The Hon. W. R. Hall) in the Chair; The Hon. A. F. Griffith (Minister for Mines) in charge of the Bill.

Clauses 1 and 2 put and passed.

Clause 3—Section 73 amended:

The Hon. A. F. GRIFFITH: I move an amendment—

Page 2, line 15—Add after the words "seventy-four" the words "or seventy-five."

It was suggested in the other Chamber that this amendment might be made here, and its purpose is to include the unimproved capital value.

Amendment put and passed.

Clause, as amended, put and passed.

Clauses 4 to 9 put and passed.

Clause 10—Section 87 repealed and re-enacted:

The Hon. J. G. HISLOP: If this board hears an appeal and fixes a rate for a particular property, realising that there will be other properties of like value and like area within the community, will it be able to establish a set rate for such land or house? If not, it seems to me that if a large number of people are dissatisfied with their rating, and each one has to approach the board individually, it will be an almost impossible task for the board to achieve. I was wondering whether the board would be permitted to give a finding on like situations.

The Hon. A. F. GRIFFITH: I would like to explain now what I should have explained in the reply to the second reading debate. Mr. Davies, and I think also Mr. Strickland, raised a question about the composition of the board. The Minister has informed me that he has written to the Local Government Association, asking it to forward to him a panel of six names from which he will choose one for the appeal board. This person will take the place of a ratepayer. There will also be an independent chairman nominated by the Minister, and the third member will be the accountant of the Water Supply Department. That is a fairly composite sort of representation.

It will be necessary, I understand, to have regard for each property. If the properties are not regarded as separate entities, other trouble will arise. The same trouble will not arise in future as is now being experienced because the situation in Subiaco and elsewhere is brought about by a particular set of circumstances. As I said before, Nedlands and Claremont were valued in 1955, but Subiaco was not valued in that year. Nor was it valued in the years 1956 to 1959. However, in 1960 it was, and the department had to catch up on the increases in property values from 1955 to 1960. In addition to that the necessary increase in the water rate affected the people in that district. As a person I am sorry for them, but if the valuations had been constant in each suburb, this difficulty would not have arisen.

We will not have the same problem again because it is the objective, that when the rate is struck it will not be as high as it is now, having regard for the fact that the Government desires to introduce a "pay-as-you-use" system. Therefore it is anticipated that the appeals will not be anywhere near as many as now. However,

even if there were the same number, they would have to be attended to individually. The system under the appeal board will be much better than the present system because at present an appeal is made to Caesar against Caesar. The Minister strikes the rate and the Minister is the person to whom the appeal is made. Therefore this legislation will prove satisfactory.

Clause put and passed.

Clauses 11 to 13 put and passed.

Clause 14—Section 90 amended:

The Hon. A. F. GRIFFITH: I move an amendment—

Page 7, line 4—Add after the word "business" the words "other than a profession."

It is asked that this be inserted to make it clear that a trade or business does not include a profession.

Amendment put and passed.

Clause, as amended, put and passed.

Clause 15 put and passed.

Clause 16—Section 97B added:

The Hon. A. F. GRIFFITH: I move the following amendments which deal purely with typographical errors that have to be rectified:—

Page 7, line 29—Delete the figures "VII" and substitute the figures "VIII."

Page 8, line 3—Delete the figures "VII" and substitute the figures "VIII."

Amendments put and passed.

Clause, as amended, put and passed.

Clauses 17 to 19 put and passed.

Title put and passed.

Sitting suspended from 6.15 to 7.30 p.m.

[The President took the Chair.]

Report

Bill reported with amendments, and the report adopted.

Third Reading

THE HON. A. F. GRIFFITH (Suburban—Minister for Mines) [7.30]: I move—

That the Bill be now read a third time.

THE HON. H. C. STRICKLAND (North) [7.31]: I realise that the Minister has been a busy man and I will not lay any blame at his feet. I mentioned yesterday that it was important that an analysis be given in connection with the quality of water being supplied. I hope the Minister for Works and Water Supplies will advise the Minister in charge of this House before the session ends, and will enable him to reply to that very important question.

The Minister, when replying during the second reading debate, criticised both Mr. Davies and myself for our criticism of and objection to the Taxation Department becoming the valuers rather than the department's officers. Our point was that the Taxation Department would not improve the valuations; and it would not get them out any earlier, because it could not get them out now. In his reply the Minister said that the reason for the changeover was that instead of some suburbs and areas being valued one year and others at a different period of time, they would all be valued *en bloc*; or words to that effect.

On the first of this month, the Premier, in reply to questions in another place, stated that the Taxation Department's valuations for land tax purposes were as follows: The last valuations made in Nedlands-Dalkeith were in 1955-56; the last valuations in Floreat Park were in 1957-58; and the last valuations made in Subiaco were in 1959-60. We therefore see that on the Government's own evidence, the period of assessment will not become general, because the Taxation Department is unable now, as Mr. Davies pointed out, to value the metropolitan area, or the State, generally, in relation to land tax values. The valuers surely will not be able to make a special trip to determine valuations for metropolitan water rate purposes.

THE HON. A. F. GRIFFITH (Suburban—Minister for Mines—in reply) [7.38]: I have been thinking, during the course of the day, about the question raised by the honourable member last night in connection with an analysis of the water to which he referred. It was not possible, between the time he raised the matter and this afternoon, for me to bring such an analysis to him, although it is done by a member of my department. I would like to co-operate with the honourable member. If he would bring me a bottle of the water to which he was referring, I would like to submit it for analysis.

The Hon. A. R. Jones: Would you like a bottle of my water, too?

The PRESIDENT: Order!

The Hon. A. F. GRIFFITH: Yes; if the honourable member thinks I should take the risk. Concerning the point raised by Mr. Strickland regarding valuations, I was not criticising either Mr. Strickland or Mr. Davies. I was endeavouring to answer their criticism; and it is the duty of the Minister in charge of a Bill to try to explain to the House the point of view of the Government on the matter. In doing that, the argument I put forward could justly be construed as criticism in reverse.

In connection with this matter, it is true, of course, that the valuations from suburb to suburb are out of line according to dates. That has been the whole

basis of the complaints. I do not know accurately what the Premier said, in the terms referred to by Mr. Strickland. But what the department will seek to do is to alter the very matter the honourable member was complaining of; namely, that valuations are out, and valuations in suburb A are not made concurrently with those of suburb B. In getting the Taxation Department to take over this task, it is hoped to have all the valuations completed at a particular time, instead of one suburb being revalued and another suburb not being revalued. I understand that the Taxation Department is of the opinion that it can cope with the task. I can only give the House information which comes to my knowledge. That is the way it has been explained to me; and I pass on that information in good faith.

Question put and passed.

Bill read a third time and returned to the Assembly with amendments.

AGRICULTURE PROTECTION BOARD ACT AMENDMENT BILL

Second Reading

THE HON. L. A. LOGAN (Midland—Minister for Local Government) [7.42]: I move—

That the Bill be now read a second time.

This Bill has been prepared in order to reconstitute the Agriculture Protection Board, define the terms of office of its members, and redesignate the offices of chairman and deputy chairman.

The board at present constituted includes six Government officers, one representative of the pastoral industry, two representatives of the agricultural industry nominated by the Farmers' Union of W.A., and two representatives of local authorities.

Apart from the representative of the State Treasury on the board, the Government representatives are all professional men headed by the Director of Agriculture who acts as chairman. The other officers are the Chief Vermin Control Officer, the Chief Weed Control Officer, the Government Entomologist, and the Chief Warden of Fauna.

The principal idea in including so many professional officers was an assurance of professional advice being readily available to the board with the added feature that these officers would have a voice in the methods of control of certain vermin and noxious weeds.

This requirement entails the attendance by these professional officers at many board meetings whereat there is no call for professional advice. The board itself is closely associated with the Department of Agriculture and can invariably obtain such advice and services of professional

officers, as required. It is consequently considered quite unnecessary for these officers to remain as full-time members of the board as at present.

The Bill proposes to reduce the number of Government members from six to three, and increase the country representation by a corresponding number.

Should this Bill be passed, the new board will be constituted with the Director of Agriculture or his deputy as chairman, the Chief Vermin Control Officer, an officer of the State Treasury, two representatives of the agricultural industry chosen from a panel of five names submitted by the Farmers' Union of W.A., one representative of the pastoral industry chosen from a panel of three names submitted by the Pastoralists and Graziers' Association of W.A., and five representatives of the Road Board Association in lieu of the two representatives of local authorities at present.

Of these five Road Board Association representatives, one would represent the Murchison and Kimberley areas, and would be selected from a panel of three names; one would represent the goldfields and south-eastern corner of the State, and would be selected from a panel of three names also; and three would represent the remaining areas of the State, and would be selected from a panel of six names.

These five representatives would undoubtedly represent the group which is most directly concerned with noxious weeds and vermin problems in their respective areas, namely, the road boards. It is considered most likely that the road board nominees will be persons engaged in agricultural and pastoral pursuits, the representation of which should be strengthened, and it is considered this will best be done through Road Board Association representation.

There is the underlying hope that this may be a means of activating greater local effort in the ever-present war against weeds and vermin, with a resultant increase in results achieved from funds expended.

I am advised that section 5 of the principal Act has been amended so frequently that it is most difficult to understand its present import. Under the provisions in the Act, the Chief Vermin Control Officer is required to be chairman, and the Director of Agriculture but a member. This approach is considered to be administratively unsound and, because of this, the director has acted as chairman since 1953. Crown Law officers consider this a desirable time for the validation of this action. He is the permanent head of the department with direct access to the Minister, and it is considered most desirable that the director should hold the position of chairman legally. With a view to clarifying the position, the Bill proposes the repealing of the whole of this section and its re-enactment.

There is a minor amendment dealing with a reference in the Act to 12 members instead of 11.

Members will recall certain aspects of weed control coming under fire in the Chamber during the course of the debate on the Noxious Weeds Act Amendment Bill quite recently. The provisions in this Bill will throw a greater degree of responsibility, I should think, on the local authorities in the matters dealt with by the Agriculture Protection Board.

I commend the Bill to members, believing that the reconstitution of the board along the lines indicated will, as I have previously said, lead to more positive and direct activity by the local authorities which are most directly concerned in their own areas.

THE HON. A. R. JONES (Midland) [7.47]: As I know the Government is anxious to complete its business, providing it is not of too contentious a nature, I feel we should not ask for the adjournment of the debate. I intend to speak to the second reading now and give the Bill my support.

Recently I attended a meeting of the northern zone of the Road Board Association, and at that meeting it was stated that the road boards would like more authority or say in the way the Agriculture Protection Board spends its money. I feel that the Bill is a step in the right direction, because it will take the authority for the spending of the money away from civil servants, who, in my opinion, have had too much control in the past. In fact, the board was top-heavy with civil servants because of the number of them on it. We must admit that the advice and guidance of some of the departmental officers is necessary in this class of work, but I think that sufficient of them have been retained on the board to give it a good balance.

Under this Bill there will be good representation of local government and good representation of the farmers—that is the producers themselves—and good representation from those areas which are considered to be outside the zoning area. In other words, it will be a well-balanced board.

There is only one thing I could say against the proposal and that is that because there are five zones in the agricultural areas under the Road Board Association, it is a pity that one member from each zone cannot be appointed. The Bill provides for only four members and, therefore, one zone will be without representation. If a member from each zone could be appointed it would be a much better proposition, inasmuch as each representative could take care of the affairs of his own zone—by that I mean that the local authorities who form the zones would be responsible to a greater extent

for the work which is carried on under the Agriculture Protection Board in those zones.

If the Bill is passed, better use will be made of the machinery under the control of the board, and much expenditure of money will be saved because the men directly concerned will have a say in the way the money is spent and in the way the machinery is used.

This matter has been given careful consideration; and one aspect of it which pleases me is that the primary producers, and producers generally, will have more control over something from which they benefit most. That is a good thing. I have much pleasure in supporting the Bill.

On motion by The Hon. W. F. Willesee, debate adjourned.

BROKEN HILL PROPRIETARY COMPANY'S INTEGRATED STEEL WORKS AGREEMENT BILL

Second Reading

THE HON. A. F. GRIFFITH (Suburban—Minister for Mines) [7.52]: I move—

That the Bill be now read a second time.

The agreement, the ratification of which is sought by the Government, provides for a fully integrated iron and steel industry to be established by the Broken Hill Proprietary Company Limited in Western Australia at a cost of not less than £40,000,000, the whole of which will be provided by B.H.P.

The company undertakes to provide production capacity of not less than—

Blast furnace capacity of not less than 450,000 tons of basic iron a year. This would involve processing approximately 800,000 tons of iron ore a year.

Steel-making plant.

Rolling mill or mills with capacity not less than 330,000 tons a year.

Ancillary plant and other development work at Kwinana.

Additional wharf facilities.

In addition to its expenditure at Kwinana the company will also be committed to spend money to develop the mining leases. The Government will grant a lease of the Koolyanobbing-Dowd's Hill-Bungalbin iron ore deposits proved in excess of 100,000,000 tons.

The project is contingent on the Government successfully negotiating with the Commonwealth for the provision of a standardised railway from Kalgoorlie to Fremantle and Kwinana, estimated to cost £35,000,000.

The blast furnace, which is the key to the integration, is timed to be completed by 1968, or by the completion of the

standardisation of the rail gauge, whichever is the later. The development of the steel-making plant and the rolling-mill capacity is to be completed by 1978.

No other organisation, either in Australia or abroad, offered the same attraction as to timing, size, and reliability as B.H.P. Other propositions were considered, but in each case they were proved to be too indefinite.

That is not the whole of our iron ore deposits. We have been careful to give it no rights outside those particular deposits—unlike South Australia's agreement, which gives the company certain rights of search in the agreement. We have not done that; and all further rights will have to be the subject of separate and distinct negotiations.

In addition to negotiating for an initial blast furnace of considerable size, the agreement has been framed to encourage the company to build a second blast furnace at the earliest possible date.

There is provision for the company to mine more iron ore than is required to service the blast furnace or furnaces. This foreshadows that some of this iron ore will be transported to other States. Provision has been made that this can be used only in Australia and cannot be exported abroad. It is necessary for the company to bring coking coal from New South Wales to Western Australia. Likewise, it appears necessary—at least during the early stages—for the company to bring metallurgical limestone from South Australia. There will be other raw materials also to be brought from the other States. In view of this the logic of some backloading of iron ore, and the finished steel products, will be apparent to members.

So far as limestone is concerned, it is possible that the Naretha deposits will be suitable and useful at a later stage. These deposits are on the eastern side of Kalgoorlie on the trans-line. After standardisation it may be an economic proposition to bring the limestone from the Naretha deposits. Initially it looks as though we will have to rely on South Australian limestone.

The provisions in regard to penalty and surcharge on freights operate—to take an example—as follows:—In the case of only 500,000 tons being put through the Kwinana blast furnace, 2½ times that amount would be 1,250,000 tons, and if the company transported ore in excess of that figure, such tonnages would be subject to a surcharge or penalty of 10s. a ton.

Should more than 2,000,000 tons be transported in any financial year, the 10s. per ton would be imposed on all ore in excess of 2,000,000 tons. It is hoped the penalty will in itself become an inducement to the company to install the second blast furnace. The inducement offers a reduction of this 10s. penalty by 2s. per ton for each 90,000 tons per annum of installed blast furnace capacity in excess of the initial 450,000

tons per annum furnace. Consequently with a second blast furnace, and a total capacity of 90,000 tons, the penalty would cease to have any practical effect.

The whole of the arrangement is subject to ratification on two counts—

- (1) This agreement with B.H.P. has to be ratified by the State Parliament by the 31st December, 1960.
- (2) The rail standardisation agreement when finalised has to be ratified by both the State and Commonwealth Parliaments by the 31st December, 1961.

There is a further important proviso that if the standardisation agreement is not ratified by the 31st October 1961, the 1968 date for the completion of the blast furnace becomes 1969, and the 1978 date for the completion of the integrated iron and steel industry becomes 1979.

So far as the standardisation of rail gauge is concerned, it is important to realise that it is only through the greater efficiency that can be achieved from the standardisation of the line to 4 ft. 8½ in. gauge that the economics of the Kwinana iron and steel industry can be established at this juncture. The margin between the project being economical and uneconomical virtually hinges on the improved economics of transportation made possible by a standardised railway system to service this area. Hence the reference to Kalgoorlie to Fremantle and Kwinana, although the part of the line directly concerned with this project will be Southern Cross to Fremantle and Kwinana section.

A case has now been established as an urgent project as we are able to relate the standardisation project directly to this important agreement.

The addition of 1,000,000 tons of iron ore a year, rising possibly to 2,000,000 or 3,000,000 tons a year, changes the economics of the line and makes it possible to submit a very attractive case to the Commonwealth. This case has been submitted, based on the South Australian agreement, under which the Commonwealth is to provide all the money and accept 70 per cent. of the cost. The remaining 30 per cent. is to be borne by the State, which pays to the Commonwealth from revenue 50 equal annual contributions to liquidate the expenditure plus interest on the amount outstanding at the end of each year. The benefits of this method of repayment will be apparent to members in view of the operations of the Grants Commission.

The freight rates agreed upon as the base rates are as follows:—

| In tons per financial year up to but not exceeding | Rates per ton mile expressed in pence |
|--|--|
| 1,000,000 | 1.43 |
| 1,500,000 | 1.28 |
| 2,000,000 | 1.23 |
| 2,500,000 | 1.19 |
| 3,000,000 | 1.15 |

These rates might appear low compared with what we have been used to in this State for rates per ton mile, but it is important to realise that with a standardised system there would be economies compared with the present system. Furthermore, the line would carry bigger trains. It is envisaged that the ore trains will be a minimum of 3,000-ton trains.

It is also hoped progressively to build these trains up to 5,000-ton trains, which has been achieved in some parts of the world where freights of this type are carried. The basic rates are subject to cost variations from the date of the execution of the agreement—that is, from today.

The significance of the iron ore transport to the State Railways—and I emphasise the State Railways because the standardised line will be part of the Western Australian Government Railways system, and not a Commonwealth line—will be apparent from the following figures:—

| | |
|--|-----------------------|
| 1,000,000 tons of iron ore will bring in | £1,800,000 per annum. |
| 1,500,000 tons of iron ore will bring in | £2,400,000 per annum. |
| 2,000,000 tons of iron ore will bring in | £3,200,000 per annum. |

The method of operation under standardisation is not expected to prejudice the remaining 3 ft. 6 in. system. The narrow line between Kalgoorlie and Northam would disappear except for a small section to enable the Leonora line to operate down to Coolgardie, a new transshipment centre: Northam, of course will increase in importance as a junction and feed-in centre for the 3 ft. 6 in. system.

The royalties payable under this agreement are the same as those payable under the South Australian agreement, including the same escalation clause. They are 1s. 6d. per ton in respect of high-grade ore; and 6d. per ton in respect of low-grade ores. Provision is made for beneficiated ores to carry the same royalty as high-grade ore. Provision is also made for the royalties to fluctuate, using the Adelaide price of pig iron as an escalation medium.

The leases, like the agreement, are for 50 years, and the company has the right of renewal for successive periods of 21 years. An initial and possibly a second townsite will be developed near the mining leases. From past experience of B.H.P.'s development of remote towns, it is anticipated that this development will be of a high order. The initial townsite is expected to have about 100 homes for married people in addition to which there will be single men's quarters.

As far as the mining townsite is concerned, the Government has accepted a commitment for a maximum of 30 houses in any one year until 1969. It is anticipated that the total will not exceed 100 and will be well spread. In any case the company accepts the full responsibility for the tenancies, including maintenance; and

the agreement provides for a complete recoup of capital outlay over a period of 30 years.

The company, as part of its £40,000,000 expenditure at Kwinana, has to provide its own wharf facilities of sufficient capacity. Additional dredging will be necessary to cope with bigger ships. The Government still has an uncompleted commitment under the 1952 Act to dredge a channel and swinging basin down to 30 ft. at the present B.H.P. Kwinana location. The agreement provides that half the cost of dredging beyond 30 ft. and down to a maximum of 40 ft. will be paid by B.H.P. Dredging down to a depth of 35 ft. can be carried out at any time, with B.H.P. paying half of the cost, but the company cannot be called upon to pay its half for depths below 35 ft. before the Kwinana blast furnace comes into operation. In any case, neither the State nor the company can require the dredging to a depth greater than the depth available in the the Parmelia and Success Banks channels.

Satisfactory arrangements have been made to protect Wundowie, and the industry can obtain its iron ore from Koolyanobbing by one of three alternative methods—

- (1) It can continue to work its present quarry under its own arrangements as at present up to a maximum of 175,000 tons per annum with an over-all total of 4,000,000—that is a figure of more than double the highest annual consumption to date; or
- (2) if it so desires it can take part of its requirements from its existing quarry, and obtain part from B.H.P. quarries; or
- (3) it can take the whole of its requirements from B.H.P. on a price basis set out in the agreement.

With the improved rail operations following standardisation, it is expected that Wundowie's cost of ore into its works will be reduced. The present indications are that after standardisation Wundowie will rail its iron ore from Koolyanobbing to East Northam, where it will be taken by road the 22 miles to Wundowie. The State Electricity Commission will be involved both at Kwinana and in the mining area, and a satisfactory arrangement has been worked out in respect of both areas.

Estimates supplied by the company indicate that it should be a net user of power to the extent of £1,000,000 per annum once the full programme is completed. Cost of electric power supplied by the State to the company for the Kwinana operation will be in accordance with the metropolitan area industrial schedule rates of the State Electricity Commission from time to time.

The Government accepts responsibility for some road works from Southern Cross to the mining area. It also accepts a responsibility in connection with the construction of a diversion road at the

Kwinana works site. The State accepts a commitment for water at Kwinana up to a total quantity of 10,000,000 gallons per week, but this is inclusive of the 4,000,000 gallons per week already covered by the 1952 Act. Beyond this figure the Government is not committed beyond what it considers may be made available to meet the increased requirements of the company. The company has the right to sink wells and bores into the subsoil to a depth of 500 ft., but these bores must not cause the artesian basin to be tapped without prior written consent. The price to be paid is the ruling rate from time to time for excess water for industrial purposes.

In respect of water for the leased mining area and townsite there is provision in the area for a pipeline from Southern Cross, but it is most unlikely that this will be invoked because the cost per 1,000 gallons to the company would be prohibitive, bearing in mind the company would be faced with capital charges and interest, and also the depreciation on the cost of the pipe line and the operation expenses including maintenance and overhead.

The alternative scheme is more likely to be used. Under this, the company supplies railway water wagons which are to be filled at Southern Cross and hauled with the empty ore trains from Southern Cross to the mining areas. The empty water wagons would be hauled back to Southern Cross with the loaded ore trains. The company will pay for the water, but the haulage will be free.

The 1952 B.H.P. agreement provided for wharfage on the company's goods going across its Kwinana wharf at 1s. 4d. a ton. There was provision for this figure to be reduced when the tonnage increased beyond 100,000 tons per annum. The figure was linked to a percentage charge on dredging cost then to be undertaken by the Government. This dredging has not been done but is acknowledged as a Government commitment under this new agreement.

The arrangement has been renegotiated so that the clause providing for a review downwards of the 1s. 4d. per ton figure is eliminated. Also, when the Kwinana blast furnace comes into operation, the charge for the company's goods and products becomes 2s. 4d. per ton instead of 1s. 4d. and the charge for inward bulk cargoes becomes 4d. instead of 3d. The company will continue to pay all tonnage, pilotage and other direct charges at current Fremantle Harbour Trust rates. This extends to subsidiaries and the associated company which qualify under the definitions in the agreement.

It is expected that the revenue to the Fremantle Harbour Trust from B.H.P. activities the first year after the blast

furnace operates at Kwinana will be at least £95,000. This will increase as more ships and bigger tonnages are handled. The agreement provides for some amendments to the 1952 Act and agreement. Members will find these follow logically from the rearrangement that has been made with B.H.P. to cover a fully integrated iron and steel industry.

A proposal has been worked out between the company and the Fremantle Harbour Trust for the deposit of slag from the steel works operations at Kwinana. The dumping and all work in conjunction therewith shall be carried out subject to the approval of the Fremantle Harbour Trust Commissioners.

The output of Kwinana, when the rolling mill is completed, on present-day figures—I am referring to present-day values—would approximate at least £17,000,000 or £18,000,000 per annum. It will do much to help us offset our adverse trade balance with the Eastern States. It is difficult to estimate the full impact of this major industry on our State. Obviously it will facilitate our approach for other industries. There are many industries which automatically follow the iron and steel industry. There are others that are attracted indirectly by it.

There will be a large labour force involved in building plant for the various sites. Likewise, there will be a big work force involved in the construction work, particularly at Kwinana. When the plant is in operation it will employ over 1,000 men at Kwinana, and the work force at the mine will probably amount to another 200 or more men.

I commend to members a study of the South Australian Government's agreement with B.H.P. It is to be found in the South Australian statutes of 1958. A comparison of the South Australian agreement with the one for which ratification is now being sought will reveal that our agreement is a much more satisfactory and comprehensive one so far as our State is concerned. The South Australian agreement only provides for a £30,000,000 project and there is no stipulation as to the minimum capacity of the plant.

The South Australian agreement does not seek to impose any penalties on the company in respect of iron ore exported to other States. In general, the South Australian Government's attitude towards B.H.P. in respect of mineral rights is on a much more generous basis than that now proposed in the Western Australian agreement. The other commitments of the South Australian Government are more far-reaching. For instance, the housing commitment accepted by the South Australian Government is much more specific and far in excess of that proposed under the Western Australian agreement.

The 1952 B.H.P. agreement calls for some comment. I think it can be fairly said that if that agreement had not been in existence, our prospects of successful negotiations with B.H.P. at this juncture would have been greatly lessened. The fact that it was already established here with a suitable works site and already had access to other deposits aided considerably the discussions for a fully-integrated industry.

The limestone we have around here is wholly unsuitable unless it is sintered, which would be a very expensive operation. I understand that if we used this type of limestone it would tend to blow out the furnace and be most ineffective; and it would be uneconomic to install a plant to make it suitable at this stage.

I am quite certain that by this agreement we are laying the foundation for careers and opportunities for the young people of this State. The project will be of inestimable value to those young people. It is the young people of the State who gain more from this agreement and this industry than the more mature people of our time. After all, it is part of the duty of members of Parliament to try to leave something behind which will provide a benefit for the generations to come.

Members will appreciate this project entails State agreements with both the company and the Commonwealth Government. It was a very wise decision to endeavour to strengthen our case for railway standardisation by having in hand a ratified agreement with this great Australian industrial company. This is an explanation in itself of the wish to complete negotiations and seek ratification in these closing days of the session—otherwise the whole concept would lie dormant until the next session of State Parliament.

Standardisation of the line has remained but a dream in this part of the Commonwealth owing to the lack of a practical and convincing case for presentation at Canberra. While it would be quite improper and unrealistic to anticipate a favourable Commonwealth decision, it is very heartening to know that State overtures have met with immediate response; and, in fact, it is expected that Commonwealth officers will be coming over to confer with the Commissioner of Railways very shortly.

I desire to emphasise that freight rates have been carefully scrutinised and there is every assurance, both by railways and Treasury, that the rates are soundly based in the State's interests. The huge tonnages to be freighted over long distances are admirably suited to the basic concept of economical railway operation; and, more particularly so, because the company accepts complete liability for loading and unloading.

Wundowie actually benefits because while it takes only screened ore and now leaves the fines as a dead loss, the company will credit Wundowie with the fines;

or alternately it may take part of the ore from the present quarry and part from B.H.P. with the industry doing its own screening. The third alternative given is not related to the 4,000,000 tons in the present quarry. Taken by and large, we are most fortunate to have been able to maintain protection for Wundowie. It was most necessary to do so, yet the sharing of deposits under such circumstances is a most unusual concession by such an industry. It is a very generous concession.

As emphasised in another place, it is essential for the company, if it is to prosper on scientific lines, to have complete control of all mineral deposits on the leases, subject to existing mining laws. Should there be an economic deposit of pyrites there, for instance, the company would no doubt desire to work it. It must be realised there are other iron ore deposits in Australia. The Queensland deposits are at present being proved. We are fortunate in achieving this early decision in respect of Koolyanobbing which could otherwise lie dormant for several more generations.

By and large we see this new industry as part of a great Australian steel industry—probably the most efficient in the world—which will entail a measure of give and take as between States in the matter of requisite material for its functioning. Western Australia now becomes part of the greatly expanding Australian industrial scene; and the establishment of this industry here will undoubtedly constitute one of the biggest single factors in removing for all time and in a most beneficial manner Western Australia's geographic isolation and, without any question of doubt, bind this State with bonds of steel as an equal partner with Australia's great industrial States.

From a personal point of view, this Bill has an attraction for me because I happen to have been in the fortunate position of administering the Mines Department during the last eighteen months. In that position I have been shown the great part that mineral development can play in the future of Western Australia—and I feel sure it will play a tremendous part. The satisfactory ratification of this agreement by Parliament, together with the follow-up of the things which I sincerely hope and trust will take place, will, as I said, form the first major advance in what I am quite certain will prove to be a huge mineral development throughout the State of Western Australia.

There are other projects which, in the course of time, we hope to be able to bring to Parliament for ratification. These are projects for mineral development; and while not as great as the mineral development envisaged by Broken Hill Proprietary Ltd., they are part and parcel of the industrial expansion that minerals can provide for this State.

THE HON. H. C. STRICKLAND (North) [8.18]: I have listened intently to the Minister explaining this Bill in connection with the agreement with B.H.P.; and while there are points of the agreement which are due for criticism, generally speaking everybody in Western Australia will welcome the news of some successful negotiations having been made to induce B.H.P. to commence a steel works in this State. We know, as the Minister explained, that the agreement is tied to the Government's provision of a standard gauge railway between Kalgoorlie and Fremantle, and the ore deposit at Koolyanobbing and the steel-works at Kwinana.

That aspect of the negotiations in the agreement, although not surprising, is certainly rather astounding. I suppose this is the biggest company in the southern hemisphere—an Australian company which has done an enormous amount of good for Australia as a nation, and one which has been the means of expanding knowledge in various directions in connection with minerals, steel, and various works, including shipbuilding, and so on. We find this wealthy company puts a price upon its expansion into Western Australia; and, of course, the price is ultimately placed on the taxpayers of Australia. The price is the construction of a £35,000,000 to £40,000,000 railway. That is the estimated cost, but I doubt very much whether the proposed railway can be constructed at that cost. The laying of the rails and the sleepers, and the construction of deviations could reach that figure. There is a lot more entailed in this proposition than the mere laying of a line. Rolling stock has to be provided and many expensive land resumptions will take place. While this Australian company has grown to such magnitude, it is leaning rather heavily on the Australian purse; and the Australian people are exceedingly kind to the company.

In explanation of that statement I point out that there were some buyers of iron ore in Australia who, four years ago, were prepared to pay between £6 and £7 per ton. B.H.P. has never paid more than 1s. 6d. per ton. So the advantage the Australian people have presented to this successful and desirable company is of some magnitude. As the Minister told us, Koolyanobbing and the other two associated deposits contain something like 100,000,000 tons. The difference between £5 and £6 per ton and 1s. 6d. per ton for 100,000,000 tons is over £500,000,000.

So the present which the people of Australia—the minerals belong to the people of Australia—have given to the company is of tremendous value. I raise no objection to that. My opinion is that we should endeavour always to provide that company, or any other company which started up in Australia to produce steel, with the raw materials at the lowest possible price to enable the company to compete on world markets. But I do object, to some

extent, to further expense by way of taxation being imposed upon the people. The agreement provides that an approach must be made to the Commonwealth to ratify an agreement between the States to build the standard gauge railway in Western Australia from Kalgoorlie to the coast and out to Koolyanobbing.

The Minister told us that the Government has submitted a proposal to the Commonwealth on a 70/30 cost basis—70 per cent. to be provided by the Commonwealth; and 30 per cent. by the State. The Minister for Industrial Development has advised through the Press that the State's proportion is to be raised from revenue. That means the taxpayers of Western Australia are to provide 30 per cent. of the cost of the railway. I do not know why the Government did not make the approach to the Commonwealth on the basis of the Rail Standardisation Committee's report of 1956, which committee, I think, was composed of Federal Government members. The recommendation of that committee was that the Commonwealth Government should provide the whole of the cost for a standard gauge railway through three States to join Albury and Melbourne—which is in process of being done—Broken Hill and Port Pirie, and Kalgoorlie and Fremantle.

So it rather astounded me when the Minister told us that an approach had been made for the State to find 30 per cent. of the cost. I would have thought the Government would have approached the Commonwealth on the basis of its own committee's findings of 1956, and allowed for some negotiation so that it could retreat to 30 per cent. if necessary. However, the Government knows its own business best. But when I view the whole aspect and the implications of this agreement, I cannot help concluding that the taxpayers of Western Australia are being asked to find too much.

I am not saying the industry is not desirable and that it should not come here. I have no complaint at all on that score; but, like the paper mill that is to be established here, this is a very wealthy industry and, in my opinion, it could well afford to have been not quite so hard in its dealings, particularly when one realises that an expansion such as this has a considerable bearing on the income tax paid by the company. I think it was in last month's *B.H.P. Review* that I noticed the chairman in his address to the directors of B.H.P., said the company was paying something in excess of £13,000,000 in income tax. The company is certainly providing the Treasurers of Australia with substantial amounts on the one hand whilst, on the other, it is receiving enormous amounts itself.

I feel that the tying of the proposal to the railway, as explained by the Minister, is rather an unfair imposition on

the taxpayers of Western Australia, because they will have to find approximately one-third of the cost and then, as taxpayers of Australia, they will have to contribute to the remaining portion of the cost.

Another aspect in connection with the agreement that I wish to mention is that which concerns the time lag between the granting of the iron ore deposits, the building of the railway and the ultimate possibility of there being a fully integrated steel industry established in Western Australia. I feel that 18 years hence is a long way off so far as this State is concerned.

I know the Government is concerned about the labour force for the construction of the railway which is estimated to take six years. It seems rather strange that it should take so long when other railways are completed much faster; particularly is this so as the route was surveyed many years ago. A survey of the route through the Avon Valley was completed during the war years. I do not know when the survey was actually made. I know, however, that when I was the Minister in the previous Government, the survey was checked and more details concerning it were supplied because my Government had made a request to the Commonwealth Government to construct the railway from Kalgoorlie through the Avon Valley to Midland Junction.

The time lag of six years in connection with the construction of this railway is quite considerable, especially when we remember that it will be constructed alongside an existing railway except for the deviation from Northam to Toodyay, from there to Midland, and across from Bellevue to Welshpool. The surveys for these deviations have already been carried out, and the Bellevue-Welshpool railway was authorised by this Parliament in 1957.

I feel that the Government could hurry up the railway construction so that it would be completed in a much shorter time than six years. I also feel that the requisite labour force will be available. The labour force, except for the key men will of course, have to come from migrants. We read in the Press that there are European countries anxious that Australia should take large numbers of their people as migrants. So there is an opportunity here for the Government to speed up the intake of those migrants.

The ultimate construction of a steel mill by 1978 appears to me to be a long way off. When one considers that the agreement will allow the company to take millions of tons of iron-ore out of Western Australia one becomes a little suspicious as to when we will get a fully integrated steel industry on a substantial basis.

I hope the economic conditions will be such that the company will stride out a little quicker than is anticipated under the

agreement. I feel that the company could and should do this because, after all, Western Australia has been proved to have the greatest deposits in quantity and in quality of iron ore of any State in Australia. That fact is known. Every day in Western Australia, as members of my party reminded this House in 1956 and 1957, new deposits are being discovered. Almost daily we read in the Press of huge deposits of iron ore being discovered in various parts of the State. We know that some of these deposits are of low grade.

The Hon. A. F. Griffith: Did you say that new deposits were being discovered every day?

The Hon. H. C. STRICKLAND: Almost every day. We read about these discoveries daily in the Press. Whether discoveries are made daily, I do not know, but several deposits have been discovered in the south-west.

A lot has been said about the quantity of the deposits—even those at Koolyanobbing, where the drilling has shown they are much greater than was originally estimated. The same thing applies to Cockatoo Island and Koolan Island at Yampi Sound. The deposits on those islands were, in previous years, estimated at 100,000,000 tons above low-water mark. Subsequently the deposits were drilled for depth, and it is now known that there are enormous quantities of iron ore below low-water mark. The actual extent of the deposits, we do not know; but that is a point that does not concern us. We would be very glad if the deposits were so large that they could never be mined out, because that would mean a long life for the industry.

It is ironical that Western Australia, with all these huge deposits, will be one of the last States to have an integrated steel industry established. Queensland has no such industry, but at present B.H.P. is examining large deposits of iron ore in northern Queensland. Whether the deposits will be of any benefit to the company, we do not know. But the company is looking into those deposits which must have shown some encouraging signs, otherwise the company would not bother spending a large amount of time exploring them.

The Hon. A. R. Jones: Has Victoria an iron and steel industry?

The Hon. H. C. STRICKLAND: I do not know; I do not think it has. South Australia has a steel industry, and so has New South Wales. We know what happened in South Australia. The Premier of that State was very astute. I think the Minister told us that the South Australian agreement is not as good as ours; but it is certainly a good one. The Premier of that State has shipbuilding yards and many other big industries which have resulted from the efforts of B.H.P. and its subsidiaries.

The Hon. A. F. Griffith: I think you will find he had them there before he got his iron and steel industry.

The Hon. H. C. STRICKLAND: Yes; and he was responsible for Western Australia getting an increase from sixpence to 1s. 6d. per ton in the royalty on iron ore. He was responsible because he demanded 1s. 6d. in South Australia, and the company followed up by paying the same amount in Western Australia. Mention of that aspect was made by Mr. Hawke when he was Premier.

There is no doubt that this is very good for the State and the nation, but I feel that Western Australia is going to suffer once again from a time lag. It is nice to know that we will get a steel industry, but it is not nice to know that millions of tons of ore will be exported to the eastern states. Apparently the Government has eased its mind on that score, because where the exported quantity exceeds 2,000,000 tons there is to be a penalty or surcharge of 10s. per ton. This means that the royalty will not be 1s. 6d. a ton, but 11s. 6d. a ton after the company has taken more than 2,000,000 tons of ore out of the State. That again appears to me to be rather tough on the State. I would like to see no ore go out of Western Australia, but the whole lot processed here.

The Hon. G. Bennetts: What are the foreign companies prepared to pay for it?

The Hon. H. C. STRICKLAND: The offer to the Hawke Government was between £6 and £7 per ton; but on the figures presented by the officers of the Treasury, the Department of Industrial Development, and the Mines Department, it was estimated that the net revenue to the Treasury would be in the vicinity of £3 per ton.

In the early part of the session I asked what were the tender prices which this Government received from people interested in buying iron ore to export to Japan. But the Minister said the figures were highly confidential, and we did not hear any more about them. I would hope, however, that when this Government is successful in securing an export license, it will not have any negotiations with middle-men in regard to the export of the ore. I am hoping that in this connection the Government will forget about private enterprise and will allow the people of Western Australia to derive the full benefit of any ore which might be exported.

We know that Western Australia is not fortunate enough to have sufficient quantities of ore for export, but we do know that the State has huge quantities of iron ore of a grade perhaps not suitable to B.H.P.—that company is probably not interested in it—but suitable for export.

If the Government gets an export license for 10,000,000 tons of ore and if for the ore it receives a price in the vicinity of

that which was offered for the export of 1,000,000 tons some time ago, then the Government would show a net profit of £30,000,000—very nice! That money could contribute to the construction of this railway rather than the Government having to increase charges and taxes throughout the State to meet the cost.

The Minister smiles at that. I suppose he would view that proposition as being socialistic. But he must not forget that he is the Minister for Housing and, as such, is the biggest landlord in Western Australia. The Minister should also not forget that the Government sells land. The Government has to sell land, lease land, and rent land. It has the prior and sole right to the minerals which are found on Crown land, surely, and it should export those minerals to its own advantage.

You will recall, Mr. President, that, in 1957, when the Hawke Government was endeavouring to obtain an export license from the Commonwealth Government for 1,000,000 tons of iron ore, at an estimated net profit of £3 per ton, had it been successful, it would have meant a profit of £3,000,000 to the State. It will also be recalled that there was a motion moved in this House for a Select Committee to be appointed to inquire into the matter, but the Government of the day received no support from here to carry out its intention. However, I can assure the present Government that it will receive wholehearted support from the Opposition in this House in its present endeavours to export iron ore which will not be required by Broken Hill Pty. Ltd.

When Mr. Bennetts asked the price, he reminded me of the circumstances which surrounded the refusal by the Commonwealth Government to grant to the Hawke Government of this State a license to export 1,000,000 tons of iron ore. I cannot help reminding the House exactly what happened on the 12th September, 1957, when Mr. Griffith, who was then in Opposition, was speaking to the motion for the appointment of a Select Committee, which motion had been moved by Mr. Baxter.

In endeavouring to put forward a case against the Government of the day being granted a license to export 1,000,000 tons of iron ore, Mr. Griffith quoted a letter signed by the Rt. Hon. Arthur Fadden, who was then acting Prime Minister. It was a very long letter and I do not propose to read all of it. It was addressed to the then Premier (Mr. Hawke). By some means or other, the Opposition of the day was provided with a copy of it and Mr. Griffith read its contents to the House. I am pleased that he did because it exemplifies the hypocritical attitude of Mr. Fadden. The following are some of the extracts of the letter which was written by him to Mr. Hawke:

Your proposal would involve the Commonwealth in amending the Customs (Prohibitive Exports) Regulations so as to lift the absolute prohibition on the export of iron ore from Australia, which has stood for almost 20 years. This embargo was imposed in the national interest to conserve our resources of iron ore. As indicated below, the need for such conservation is even greater today than when it was first imposed.

Further on in his letter he goes on to say—

There are, of course large reserves of low-grade ore in Australia. Experiments are currently being made of methods of upgrading these ores. Eventually the steel industry will have to depend on such ores and imported ores. Indeed, the steel industry will begin to use low-grade ores before the limited high-grade ores are exhausted and is already using ore imported from New Caledonia.

We know, as I mentioned earlier, that low-grade ores have been used. We know that the old Iron Monarch Mine and other projects in South Australia have been opened up. Further on in his letter Mr. Fadden had this to say—

If we were once to establish the principle that our resources of iron ore could be exported so as to finance the expansion of particular development projects, as we would if we agreed to your proposal to export Koolyanobbing ore, we should be faced with other proposals of a similar nature, not only by State Governments but by private enterprise. Clearly, the national interest would be jeopardised.

In fact your proposal, if adopted, could have even more serious consequences. It would be an open invitation to Japanese steel industry to sponsor or finance the setting up of plants in Australia to make pig iron for export to Japan, a process which would rapidly defeat the purpose for which the embargo on export of ore exists, and which with the utmost goodwill to Japan we could not contemplate.

Imagine that! After having written that letter, the very same man visits this State and is behind the move by the present Government to export 10,000,000 tons of iron ore. Surely that is a hypocritical attitude for that man to adopt! Surely that is a dreadful thing! Imagine the Acting Prime Minister of the day preventing the State of Western Australia from making a profit of £3,000,000 on the export of 1,000,000 tons of iron ore! Shortly after that he comes to this State and, acts as an intermediary for the export of 10,000,000 tons of iron ore. I therefore hope the Government will not export any iron ore from this State through the medium of a

third party. I hope it will export any iron ore that is to go overseas direct to the firm or the country which is seeking it.

The Hon. G. Bennetts: Do you think he would be getting a good cut out of it?

The Hon. H. C. STRICKLAND: I do not wish to think anything in that regard. I am merely repeating the case put up by the Minister, when in Opposition, against the export of 1,000,000 tons of iron ore by the Hawke Government. In his closing remarks, in the same speech, Mr. Griffith said—

In view of the statements that were made by the Minister and his assertions when speaking to this motion, it would be a good idea to have on record what was said to the Premier in connection with the proposal for the export of Koolyanobbing ore.

I am grateful to the Minister for having read that letter to the House at the time and for having had the letter placed on record in *Hansard*. Whoever sent it to Mr. Griffith in those days did not do the Acting Prime Minister of the day much good because that was a dreadful thing for him to do. It is a dreadful thing to contemplate in retrospect because we now find that the same gentleman is the prime mover in trying to have 10,000,000 tons of iron ore exported to Japan. He is acting as the middleman. However, that is by the way; but it does show what could happen.

I am hoping that this agreement will not tie up all the iron ore deposits which exist in Western Australia. During the course of his remarks, the Minister said that, taken by and large, the State is most fortunate in being able to protect the interests of the Wundowie charcoal iron and steel industry. That is a rather peculiar statement. Why should the State be fortunate in being able to protect one of its own existing enterprises when seeking to develop the State's own iron ore deposits? We might as well have said that we were lucky this big company did not bulldoze us right out of the picture—Wundowie and everything else.

The Hon. A. F. Griffith: It depends on the construction one puts on the words, of course.

The Hon. H. C. STRICKLAND: That remains to be seen. The Government has left it to the company not to take any steps to close Wundowie for the time being. Another aspect of the agreement which is due for criticism concerns the freight rates which are to be charged to Broken Hill Pty. Ltd. The Minister told us that the freight rates to be charged on 1,000,000 tons of iron ore would range from 1.4d. per ton mile to 1.15d. per ton mile for the haulage of 3,000,000 tons of iron ore each year. I am sure that members are aware that the more that is carted on our railways the more the railways will lose. Yet the Government

claims it is going to implement some remarkable method of financing the operations of this proposed railway in order that the railways will make a profit.

Even wheat, which was carted at approximately 3d. per ton mile, was carried at a loss. I was told that all goods carted at the miscellaneous freight rate, which was 4d. and under, were carted at a loss. Naturally, if the railways are carrying freight at a loss, the more they carry the more they will lose. In this schedule, of course, the more ore the company consigns the more the State is going to lose in freight rates obtained from that company. The freight rates start off at 1.43d. per ton mile for the haulage of 1,000,000 tons of iron ore per year to 1.15d. per ton mile on the haulage of 3,000,000 tons of iron ore a year. Therefore, I am afraid I am going to see the railways having to carry another burden.

Whilst it is agreed by the State Government to use revenue funds rather than loan funds to build this railway, that will not be imposing any higher depreciation or interest charges on the railways. The capital cost of the railways will remain at approximately £70,000,000, which is the figure at the moment. So in order to keep the railway books in a healthy state, the Government has decided to use revenue money rather than loan funds, but in order to get revenue money it will have to raise the taxes imposed on the people of Western Australia or else finance in a roundabout way, year by year, its deficit from loan funds.

This proposed railway is going to cost approximately £40,000,000, which will cover the cost of the track only. I hope the Minister will tell us that it does include rolling stock, but I presume it will cover only the track. As the expenditure of that money is going to be spread over some six years it will mean that revenue is going to be used in large quantities—to the extent of at least £5,000,000 or £6,000,000 a year. In a roundabout way that will still be a burden, but it will not show in the railway accounts. From a railways point of view it is a good move, but from the point of view of efficient book-keeping in Government departments, it is quite incorrect.

While I am very pleased indeed that this Government has been able to reach an agreement with Broken Hill Pty. Ltd., which will establish a blast furnace for a start, and further expansion later on, I regret the company cannot see its way clear to use some of its income tax liability to assist in constructing this railway line, or to help in an indirect way by paying more reasonable freight charges, or by increasing the royalty for the ore, so as to ease the burden which the Government will have to place upon the taxpayers of this State, when the Government has completed its agreement with the Commonwealth and has to find 30 per cent. of the cost for the construction of the railway line. I support the Bill.

THE HON. J. M. A. CUNNINGHAM (South-East) [9.11]: We have waited to hear the full story behind this project, which the Minister gave us tonight. It is surprising to see how short a period has been taken to change the whole appearance of the future of this State. When the first reference to the development of one of our iron ore deposits in the southern portion of the State, in what has become known as the iron province, was made publicly, some of us were concerned that the deposits might be given into the charge of just one company. We felt that consideration might be given to small concerns that were interested.

At that time we did not know the thoughts which were in the minds of the leaders of the Government. We can only say that the Government was wise in carefully guarding its plans, before carrying them to their successful completion as indicated in the Bill before us. We cannot give too much praise to the Government and to the Ministers, who have planned and carefully nurtured this wonderful proposition. It would be difficult to exaggerate the importance and the value of this project to the State. It is a matter for serious thought when one considers what big scale activities can rise from very small beginnings. Four years ago this project would not have been possible.

The Hon. F. R. H. Lavery: Why?

The Hon. J. M. A. CUNNINGHAM: Four years ago the known deposits of iron ore in this area were comparatively small. The Koolyanobbing deposit is by no means the largest in this area. The term "Koolyanobbing deposits" embraces three deposits—Koolyanobbing, Dowd's Hill, and Bungalbin. The Koolyanobbing and Dowd's Hill deposits have been known for a long time, because the deposit at Koolyanobbing was diamond drilled for several years. It is estimated there are 30,000,000 tons of high-grade ore above the surface plane, and up to 70,000,000 tons below the surface plane. Much the same applies to the Dowd's Hill deposit on a small scale.

For many years those were the only two deposits known to exist in this district. They were not large enough to enable any Government to put before any company a proposition of the magnitude of the one before us. It is important that we should keep the records straight as to the discoverer of the Bungalbin deposit.

In the construction of great projects, we have seen the principal characters forgotten with the passage of the years. However, after the projects have become successful and famous, other people put in claims to share the limelight. An example was the doubt that clouded the person who was primarily responsible for the conception of the goldfields pipeline. Who was the man who proposed the idea originally? Many claims have been made.

Who was the man directly responsible for taking positive action in putting forward the idea to develop the Esperance plains? Again, many names have been mentioned. Who was the one most responsible for triggering off the present development there? In the project which is now under discussion, who was first responsible for the discovery of the deposit at Bungalbin that made this very wonderful proposition possible?

The Hon. G. Bennetts: Mr. Hopkins?

The Hon. J. M. A. CUNNINGHAM: No. In 1957 a telephone call from Southern Cross to the Mines Department reported the discovery of a very rich deposit of iron ore north of Southern Cross. When asked by the officers of the department as to its location, the discoverer gave the details. Those officers in the department said they knew all about the Koolyanobbing deposit. The discoverer told them it was an entirely different deposit, and was much bigger than the Koolyanobbing deposit. Subsequent development proved there was in existence—previously completely unknown—a very rich deposit of iron ore, estimated to be in the vicinity of 100,000,000 tons. In actual fact, diamond drilling could prove there is in excess of 200,000,000 tons of magnesite ore, above and below the surface at Bungalbin.

The private operations of interested people brought this deposit to the knowledge of the department and before the world. It is the biggest and richest deposit of the three in the area. It was only as a result of the discovery of the rich deposit that the Government was able to make a proposition to an interested party—a proposition which won for this State at long last a full and integrated steel industry.

It is a matter of regret that the person who reported this fantastic deposit of iron ore was unable to be officially rewarded for his discovery. He is Mr. Jock Wall, a well-known prospector in Kalgoorlie. The £100,000,000 project we see before us has been made possible by the discovery of one of our dying race of prospectors, who three years ago picked up a piece of black heavy stone, realised its value, and reported its finding. This deposit is a huge hill which the average man would pass by without realising its value. I want it to be placed on record, as the opinion of a private member, that this project was triggered off three years ago when a lone man in the bush found a piece of black stone.

Reference has been made to the royalty to be paid and of offers by other interested parties—both foreign and local. It was said that the Government had been offered up to £6 per ton for iron ore, as against 1s. 6d. per ton which the B.H.P. will pay for the ore. The two propositions are not comparable. The £6 per ton was an offer for mine ore, which would have been

extracted and taken out of the State for treatment. Let us look at what is behind the offer of 1s. 6d. per ton. The company will mine the ore itself. It will create a completely new industry employing more workers than any other industry in this State.

The Hon. E. M. Davies: That is if this State gets it.

The Hon. J. M. A. CUNNINGHAM: Is there any doubt?

The Hon. E. M. Davies: I do not know whether there is a nigger in the woodpile.

The Hon. J. M. A. CUNNINGHAM: I do not like the word but let us integrate the nigger also: This industry will mean employment for an army of men who are not available in this State at present. It will mean the creation of at least three prosperous new towns, and possibly four.

The Minister mentioned a small town which is a siding on the trans.-line. He referred to Naretha. It has been in existence for 30 years or more, and the industry there is conducted and managed as one family. The head of this family is Mr. Mark Zuvella, and he employs 30 people to work on the limestone kiln. This lime is not a deposit. The workers with suitable trucks cover the whole area, and pick up by hand what was the surface sheathing of a limestone deposit when the Nullarbor Plain was under water over a million years ago. This sheath has now been broken up into large chunks of limestone, which are picked up by hand and taken to Naretha to be burnt in the kiln. This industry produces some of the purest lime available.

The Hon. G. C. MacKinnon: Is there any limit?

The Hon. J. M. A. CUNNINGHAM: It is in unlimited quantities. The 98 per cent. calcium product produced by this industry supplies the needs of the goldmining industry; and it has been supplying the needs of that industry for many years. It is one of the purest limestones that is available.

This company at Naretha recently had to move its operations further into the Nullarbor. It has a set-up at Lime Kiln Siding, and has extended its operations as far east as Rawlinna and Loongana. The company is at present producing only a portion of the lime output at Naretha. A great quantity of wood is burnt in order to produce a ton of lime. It is possible that another subsidiary industry will arise from the operations of this company, because at Naretha there is a dump of 100,000 tons of lime ash, which is a mixture of lime and wood ash and which is a very valuable additive to the soil for agricultural pursuits.

At present it is not profitable to move it if freight rates have to be charged. There is a mountain of this material on hand—a material which is very valuable to soils

which are lacking in lime. It is possible that with the development of the new lime industry, this material could be utilised.

The Hon. E. M. Heenan: Do they use coal?

The Hon. J. M. A. CUNNINGHAM: No. Coal is not suitable for burning lime. Wood must be used because it leaves very little ash. I think I am right in saying that two tons of wood are used for every one ton of stone burnt. A kiln is built, and a layer of stone is placed on a layer of wood, followed by a layer of stone, and so on, right through to the top. This is burnt and when the residue is collected not a shovelful of wood ash would be obtained out of what would be about 10 tons of wood used to burn the lime.

The Hon. E. M. Heenan: How does the ash get in the lime?

The Hon. J. M. A. CUNNINGHAM: It is the residue over a great number of years of impurities in the stone and a little of the wood ash which did not burn. But it is not suitable for processing for mining purposes. I have digressed a little in mentioning the charge which the honourable member referred to earlier, this being 1s. 6d. per ton.

The Hon. E. M. Heenan: What new towns are envisaged?

The Hon. J. M. A. CUNNINGHAM: Two towns are already envisaged at the actual site of the mining operations. I should imagine they would be the size of the present town of Bullfinch. I would not be able to give the details of the populations.

The Hon. E. M. Heenan: How far from Southern Cross is Koolyanobbing?

The Hon. J. M. A. CUNNINGHAM: Koolyanobbing is about 35 miles north-east of Southern Cross and Bungalbin is about 40 miles north. Not very many miles separate them. There are two towns at present envisaged as the site of the mining operations, but B.H.P. steelworks will be the means of a town ultimately growing there, as has been proved at Whyalla. That makes three towns. As I have already mentioned, the increased operations at Naretha—in the middle of nowhere on the trans.-line—could result in the development of a small town. That is what is anticipated at present, taking a broad view.

The honourable member mentioned that he thought the period between the time the permit is granted and when the project will come to life would be too long. Is it not possible even to guess at the labour problems which will occur with the growth over this comparatively long time? In the papers recently we have seen report after report indicating that we are already short of skilled workers and even short of labour—plain straight labour—because of the increased rate of growth of this State. With the size of the industries that we envisage here, it will be utterly impossible for us to meet even part of the labour force required for the building of

the railway line alone. Think of the miners who will be needed at the site of the iron ore deposits, and the workers who will be required at Kwinana. Already the Government is holding as many houses as possible at Kwinana for the first influx of the necessary workers. But we are going to be faced with a problem as we were with the establishment of the oil refinery.

The Hon. A. F. Griffith: It is not a question of holding those houses. They have been vacant for too long.

The Hon. J. M. A. CUNNINGHAM: That is true. I think the Minister will agree with me that when the time comes he will be embarrassed because he will not be able to find sufficient housing.

The Hon. H. C. Strickland: The Hawke Government wasn't. It found sufficient.

The Hon. J. M. A. CUNNINGHAM: Mr. Strickland mentioned that £3,000,000 was refused by the recent Treasurer (Sir Arthur Fadden) when the Hawke Government was in office, for the sale of iron ore overseas. He said, "Imagine the duplicity of the then Treasurer, coming over here now, representing private industry, and trying to negotiate in the same sphere to sell iron ore for £10,000,000." The time lapse, anyway, has made a very vast difference in the actual cost. It could be the same amount of iron ore but at a different value. That is very likely the situation.

The Hon. A. F. Griffith: In any case the State will be master of its own affairs at that time.

The Hon. J. M. A. CUNNINGHAM: Exactly; even when Sir Arthur Fadden does try to submit a proposition which might appear attractive. As for the possibility of the middleman making a profit, after all the middleman is still a citizen—a worker and a man who is out to earn a living for himself, his family, and others. If the Government's action is going to result in employment, what does it matter if the Government is dragging its feet with deficits? The country will be progressing. It is far better to see a country growing and the labour force fully employed than to see a Government with its coffers full but an awful lot of unemployment prevalent. After all, food for those unemployed has to be supplied out of the full coffers. Even if some iron ore is sold, it will only be a small quantity because there is not a great deal of it on the coast compared to what there is in, say, Queensland. According to the latest reports of the discoveries there, Queensland has an enormous amount of iron ore right on the coast.

The Hon. A. F. Griffith: I would be very happy to know how £3 a ton would be gained from iron ore.

The Hon. J. M. A. CUNNINGHAM: Yes, especially by the time it is mined and sold; that is true. At one time we were all het up at the idea of selling large quantities of iron ore at a reasonable profit.

I am quite happy that we have been asked to agree to the proposal outlined in this Bill because I genuinely and sincerely believe that it will be a step forward in the advancement of the State whereby the population—would it be too much to say?—could be doubled in the next 18 or 20 years. I do not think so. This industry is going to mean prosperity for the State, and I congratulate the Government, the Minister, and everyone who has had anything to do with it.

THE HON. A. R. JONES (Midland) [9.23]: I rise to support this measure; and, like the Leader of the Opposition (Mr. Strickland), I commend the Government for the step it has taken in submitting the Bill to us. The establishment of a fully integrated steel industry will be a wonderful achievement for the State.

However, I am also going to agree with the Leader of the Opposition in that there are some aspects that I do not like very much; but when we realise all the trouble that various Governments and Ministers have gone to over the years, we must believe that when this industry is established, we will have something the worth of which to the State and the Commonwealth will be very difficult to calculate. I think therefore that we should not be critical. I would not like the job of conjecturing—and I do not think any other member would—just how great will be the benefit of this industry to the State.

It has been stated that it will create avenues of employment for our young people; not only in the steel industry, but in the other industries that will follow; and none of us can visualise to what extent that will be. Although I agree that some of the criticism offered by Mr. Strickland was justified, I believe we must look at this situation fairly. It is very easy when we have made an agreement or purchased something to say to ourselves, "It is a pity we did not work for something a little bit better," or, "We could have obtained that a little more cheaply or driven a harder bargain." I do not believe that any of us conclude a deal without telling ourselves that we could have done better if we had exercised a little pressure.

Of course it is all very well to be wise after the event; but when we are trying to make a bargain we reason with ourselves as to what we feel the other fellow will and can accept. We cannot insert anything which would cruel our pitch if we are really and truly out to make a bargain or agreement.

The Leader of the Opposition stated that it would not have been unfair or unreasonable to have asked the company to bear some of the cost of the installation of the standard gauge railway. He stated that this cost would have to be borne by the taxpayers of the State and the Commonwealth; and that is so. However, we

must not forget that B.H.P.—if the Leader's figures are correct—paid some £13,000,000 in taxation this year. At that rate, in three years the company will have paid for the railway line, anyway. If given the opportunity I am sure the company would provide the £13,000,000 annually for the railway if it could come off its taxation as a deduction. We must take a broad view of this matter and realise that the company is helping to pay for the railway line inasmuch as it is paying £13,000,000 annually into the coffers of the Commonwealth. It must be remembered that that is only one form of taxation it is paying. Goodness knows how much it is paying in other ways through indirect taxes.

The Hon. A. F. Griffith: The prosperity the company creates cannot be measured.

The Hon. A. R. JONES: We must not lose sight of the fact that this will not be the only State which will be paying a percentage of the cost involved, because it has been mentioned that three States are desiring standardisation of their railways in the near future. Victoria is going ahead at the moment. The Victorian and New South Wales Governments are paying a proportion of the cost involved; and between the two of them they are paying 30 per cent. This is the amount which has been agreed will also be paid by the South Australian Government for the standardisation of its railway.

The Leader of the Opposition criticised the low freights which will be paid by the company. I suppose the Government has been guided by the Commissioner and his men who have gone very thoroughly into the economics of the freight charges. If they told the Government that the charges suggested will be profitable, then the State Government, although it has to foot part of the Bill, could be better off by virtue of the fact that it will operate on a far better economic basis than at the moment.

The Hon. H. C. Strickland: Then wheat should be at the same rate.

The Hon. A. R. JONES: I am pleased the Leader of the Opposition made that statement because when he was Minister for Railways he stated that the farmers should be pleased to pay more for the cartage of wheat because this was done at a loss by the Government. Every time a record harvest has been experienced, and millions of bushels have been shifted into the port, the railway revenue has been given such a boost that the losses are reduced on the previous year. Therefore, the Leader of the Opposition does not want to put that one back to us, as the Railways Department is very pleased to handle the freight, because although it is possibly handled at a low rate, it does affect the economy of the Railways Department.

The Hon. H. C. Strickland: The farmer pays 3d. Why can't he pay 1½d. like B.H.P.?

The Hon. A. R. JONES: It is possible that when this railway is built, those people will have their wheat freights reduced too.

The Hon. F. J. S. Wise: You want to build a wishing well.

The Hon. A. R. JONES: People can always put up figures that can defeat an argument; but when we take the broad view of what it means to this State, we have to use some tolerance.

I was interested to hear Mr. Strickland say that the labour will have to come from outside the State; that we would have to depend upon migrants coming to this country. It is pleasing to hear him say that. I can recall that it was not two years ago when the same gentleman was condemning the Government for bringing about a shortage of jobs and saying that there was too much labour on the market. It is pleasing to know that he has changed his opinion and that jobs are not so scarce after all; and that the Government has done a good job in providing labour for people and, in fact, for more people than we have at the present time. The labour force is not nearly adequate to meet the need which will arise as the result of this project when it is put into operation.

We should consider the huge amount of money being spent throughout the whole of the Commonwealth by B.H.P. It is to the tune of millions of pounds. The company's funds are drawn from its shareholders and the company is answerable to its shareholders. I suppose the company would find it just as difficult as anyone else—particularly as any Government—to find money. One cannot expect the company to provide the whole of the £40,000,000 that it is putting into the industry at the moment. By the time the project comes into being it will have cost a lot more than £40,000,000; and a company, even as large as B.H.P. cannot get £40,000,000 from the air. If the company is going to put in £40,000,000 as a minimum, and the figure will possibly reach £50,000,000 to £60,000,000 before the project comes into being, it is not too much to ask that the State should meet some of the costs when it is going to derive such benefits.

The Hon. R. F. Hutchison: I think it is.

The Hon. A. R. JONES: I feel that Labor members should not be very critical. They had their own Government and their own Ministers trying very hard to induce this sort of industry to come to Western Australia.

The Hon. F. J. S. Wise: Who has been critical?

The Hon. A. R. JONES: Only the Leader of the Opposition; because nobody else has spoken.

The Hon. F. J. S. Wise: You made a very general statement.

The Hon. A. R. JONES: There was a bit of criticism over on my left, which the honourable member did not hear. Nevertheless, I will confine my reference to criticism of the Leader of the Opposition. I feel he is not entitled to be critical in view of the fact that his Government did its best to induce a steel industry to come to this country. While we might be able to level criticism at B.H.P., the Labor Government approached people in both America and England, and it could have found plenty who were not prepared to put the money up. No company approached was prepared to establish an industry here unless the Government found all the finance; or at least the greater part.

We were told that people were not ready to come to Australia and set up in opposition to B.H.P. because they could not produce as economically as or compete with such a firm which was turning out some of the best steel in the world at the cheapest rate in the world.

Following his visit to England, Mr. Tonkin was successful in inducing some industries to come to Western Australia. He also went to America, but he was not successful in that country in inducing an industry to come to Western Australia and use our iron ore deposits.

None of us should be too critical, even though I can recall, only a few years ago, that I was critical of my own party members for selling the iron ore at Yampi at 6d. a ton. But, in fairness, we have it on record that B.H.P. paid an extra shilling a ton which, under the agreement, it need not have done. There is to be a penalty rate of 10s. a ton on ore transported out of Western Australia to other States. Mr. Strickland pointed out that this provision will come into operation when 2,000,000 tons have been exported. But, from my interpretation of the Bill, if the blast furnace uses 450,000 tons the company will be allowed to export that much again without having to pay any surcharge or penalty; but if it exports anything outside that tonnage, it will have to pay 10s. a ton surcharge. The figure really starts at 900,000 tons; the surcharge of 10s. per ton will then apply.

I think it is a very good clause in the agreement. The South Australian agreement was a very loose one. B.H.P. has done the right thing by South Australia by spending millions more than it originally contracted to spend. If the company does the same thing in Western Australia we need have no fear that wrong will be done the State.

As soon as practicable the company will establish further works to bring about a bigger tonnage of steel. We have seen the shortages that have accrued over the last years, and it will take the whole effort of B.H.P., and all we can do, to make enough steel to meet the needs of Western Australia. I feel we have something of which we

can be justly proud. We will all benefit to some extent; particularly the young people of today who will follow us. They will derive the greatest benefit from this plan, and it is one to which we should all give our blessing. I therefore support the Bill.

THE HON. C. H. SIMPSON (Midland) [9.39]: I join with those who applaud the Bill. Irrespective of party, we can feel mighty pleased that an industry of this kind has come to Western Australia; and we can be proud of this company—an all-Australian company—which is respected the world over as a model of efficiency and results.

This company, in a comparatively few years, has transformed the industrial picture in New South Wales. Newcastle has a population of 150,000 people, more than half of whom, in one way or another, are connected with B.H.P. The company has established works at Port Kembla, with the intervening town of Wollongong and the Sydney suburbs constituting a seashore strip for a distance of 40 miles. The company established the town of Whyalla, and it is now establishing steel works there. The company is completing the picture by entering into an agreement with the Western Australian Government to build a steel works at Kwinana.

I think the time is within measurable distance when we can look forward to similar progress in Western Australia to what has already occurred in the three centres to which I have referred. Again, I think we can be proud that an Australian company has actually achieved this. The export production of Australia is still mainly made up of primary products, as secondary or industrial products over the years have not been of very great volume. Thanks to B.H.P., which is far and away the greatest exporter of industrial products, those totals are assuming substantial dimensions. That is something which tends to balance our currency values and keep the Australian pound stable.

I think that the progress which certainly will be made at Whyalla and Kwinana is going to benefit the economy not only of this State but of Australia as a whole. Some years ago—some members may know this, and some may not—when the Government, of which I was a Minister, made an agreement with B.H.P. and the company had access to Yampi, it was anxious to include Koolyanobbing in that agreement. I think it stands to the credit of the Government of the day that it held the whole of the Koolyanobbing deposits in reserve in the hope that we could create an integrated steel industry in Western Australia; because the Government was fully alive to the possibilities such a proposition presented.

At that time we were hopeful that we could coke Collie coal, but although a lot of work has been done in attempting to

bring that about—samples of Collie coal have been sent overseas—we have not been able to do so on a commercial scale. It seemed, until a year or two ago, that the prospects of an integrated steel industry here were not very bright. We did not have the necessary limestone of sufficiently high quality to suit the needs of a steel industry, and it was asking a lot of any company that intended to establish an industry here to bring not only the necessary coal but the limestone as well, in order to link up with our deposits of rich iron ore and create that industry.

I think the efforts made by Western Australia to secure export permits for iron ore, of which it is quite obvious we have a fairly large quantity, might possibly have had some influence on B.H.P. It is a progressive company and is fully alive to what may lie ahead; and I think it was determined to get in first. It was prepared to bring its coal and limestone here and establish a steel industry in this State. Whatever its motives were, we are going to benefit from them.

Mr. Cunningham gave us some interesting data on the incidence of iron ore deposits here. It is true that perhaps we did not know the extent of the iron ore deposits that he mentioned, but I think we had a shrewd idea. I was in the area when we were drawing ore from that source to be sent to Wundowie. The plant was not being worked on a large scale. The under-secretary told me that the hills adjacent to Koolyanobbing, stretching for some miles, were known to carry bodies of iron ore of a high quality.

Sitting suspended from 9.45 to 10.7 p.m.

The Hon. C. H. SIMPSON: One of the main reasons why I want to say something in regard to this Bill is that it will necessitate the construction of a standard gauge link between Kalgoorlie and Fremantle. Members will recall that over the years I have earbashed them quite a lot in regard to the uneconomic change from a payable existing line adequate for then requirements to a standard gauge line which, on the then traffic volume, was of doubtful economy.

If we stop for a moment to realise how changed the whole picture was, and consider the series of payable factors which entirely altered the situation, I think members will understand that to maintain such an attitude would have been foolish as well as unhelpful. The tonnage carried on that particular line was about 1,000,000 tons a year, and the proportion going to the Eastern States was relatively very small; it was only about 2 per cent. of our total traffic tonnage per year. The intrusion of a gauge for the sake of having a broad gauge could represent a threat to the integrity of our 3 ft. 6 in. system which must be maintained and preserved.

But it is rather amazing to see the manner in which the experts have brought about the possibility of a line coming through and causing little or no disturbance to the existing system; and, in fact, bringing about certain conditions which will go a long way towards cheapening the railage of commodities that have to come that way to Perth. If members were able to look at a map—I have one here but I do not suppose they can see it, but they probably have it in their mind's eye—they would see that the line coming from Kalgoorlie to Perth practically splits our railway system in half.

The plan envisaged to separate the present 3 ft. 6 in. line between Kalgoorlie and Fremantle entirely, and to substitute a broad gauge line, would mean that we would not have two lines competing as was the original thought; and it would also mean that by a series of rather clever transshipment devices, adequate facilities could be provided for transshipping where transshipping was required; that we could provide a new 3 ft. 6 in. gauge line between Northam and Perth, which could take the major portion of the traffic coming up the Great Southern line from Albany, the line from Wongan Hills and the Clackline line which will join it at Toodyay. And, of course, the line coming from the north would join the metropolitan system where the 3 ft. 6 in. line would be preserved to handle that tonnage.

But the amount of transshipment at present at Kalgoorlie runs to about 100,000 tons a year. The amount of transshipment under this system would be more than that; but, as far as I can see, by the abstracted figures which have been given to me, the actual cost of transshipment of the whole of the commodities required to be transhipped would be less than the present cost of transshipment at Parkeston.

There will be three major points and one minor point of transshipment. One would be at Coolgardie where the Esperance line would join; and as most of the tonnage coming along that line would be fertilizers and items of that kind, that tonnage could be handled mechanically at very little cost. The same thing would happen at Merredin which is another major transshipment point. The lines coming in from various directions to Merredin could disgorge their tonnage over a bin and it could be transferred by elevator to the broad gauge tracks which could be brought through. The amount that would be required to be transhipped to Merredin would be 205,000 tons and the cost of handling would be £13,000.

At Perth there would be transshipment of the goods going to the east, which mostly would be timber; and that, of course, would be governed by the capacity of supply of the timber required. We had that difficulty some years ago when it was very necessary to conserve timber for building requirements here. At that time Perth

was expanding very rapidly. I think there would be 40,000 tons transhipped to Perth at an estimated cost of 1s. 11d. per ton at a cost of £2,170. The miscellaneous tonnage would be 19,000 tons making a total of 59,000 tons.

Next to Merredin in point of tonnage would be Coolgardie with 92,000 tons to be transhipped. That would include the Esperance line tonnage, and certain tonnage which would come down the Leonora line along the 3 ft. 6 in. line, which would still be preserved, to Coolgardie. Transshipment would be effected at one centre where all facilities for cheap handling would be provided, and where the cost, of course, would be cut down.

As I have said, these lines which feed the Great Southern, and the branch lines which feed Wongan Hills, would join at Northam and the traffic would come down the new line, which would have a ruling gradient of one in 200 as against the present gradient of one in 400. That would enable much larger loads to be hauled.

Mr. Strickland has referred to the estimated charges for tonnages to and from Koolyanobbing. I have had the opportunity of examining the figures in relation to several propositions regarding the cost of handling the bulk loads, such as full rakes of trucks of iron ore, say, from Koolyanobbing, by a broad gauge with a grade of 1 in 130 as far as Northam, and 1 in 200 from Northam to Perth. I am assured by experts that a train of 3,500 tons could be pulled easily, and that a double header could pull 5,500 tons, each with a crew of three men. So the cost of labour would be very low.

I am assured these figures have been carefully worked out, so there would be a margin of profit to the department. This profit would go into the railway system of Western Australia, which would own the broad gauge line in addition to retaining its ownership of the present 3 ft. 6 in. system. We are extraordinarily lucky inasmuch as we are not faced with the cost of building this broad gauge line. Under the agreement, it would be built under the same conditions as apply in South Australia—and I am anticipating there will be no difficulty with regard to its construction.

The passing of this Bill will, in fact, bring pressure to bear upon the Federal Government to afford us this facility, because without the broad gauge link the agreement with B.H.P. cannot assume a concrete form. The Commonwealth Government has, under its new scheme of linking State capitals by the construction of the standard gauge railways, offered to bear 70 per cent. of the cost. So 30 per cent. of whatever the cost might be will then become the responsibility of the State. That was the position in South Australia. The 30 per cent. will be funded, and the total amount of the capital, plus

interest on a reducible scale, will be payable in equal instalments over a period of 50 years. I do not know whether any members have ever worked these things out, but it is astonishing how relatively low the interest is on the total sum. While the first payment represents practically all interest and little capital reduction, the last payment represents practically all capital reduction and very little interest.

South Australia is a claimant State—it comes under the Grants Commission which has absorbed this initial payment. I think we can expect the same here. I think it is quite obvious that the Federal Government would desire Western Australia to carry a bigger population than it has at the present time as this would benefit Australia as a whole. So I assume there will be no difficulty whatever in financing the project that has come to us from the gods; because in the normal course of events if we had to find this huge sum to provide the broad gauge railway, we would be scratching our heads and wondering where the money would come from.

The 70 per cent.-30 per cent. cost basis was adopted with regard to the line from Albury to Melbourne, New South Wales and Victoria sharing the 30 per cent. between them and the Commonwealth paying the 70 per cent. The railways that have been constructed in South Australia—from Maree to Port Augusta—have been constructed under exactly the same terms. The standardisation agreement of 1949 in South Australia provides that in an unspecified time, but when it can be done, the whole of the railways of South Australia shall be standardised with the exception of the Port Lincoln deviation.

There is something to be said for the case of South Australia because that State already has a 5 ft. 3 in. gauge, a 4 ft. 8½ in. gauge and the remainder of the system is a 3 ft. 6 in. gauge. Anyone who knows anything about railway working will realise that the bulk of the railway operation in South Australia is carried out on mixed gauges; and that probably accounts for South Australia possessing the invidious distinction of all the Australian States of having the highest cost per ton mile. Western Australia again headed the States by having the cheapest operational cost per ton mile.

Looking through the agreement, and having had an opportunity to study its implications before the Bill was brought down, I am of the opinion that a wonderful job has been done, not only in regard to our luck in getting an iron and steel industry, but in regard to the excellent negotiation on the part of those responsible for bringing the industry here. The agreement is one which on the whole is very favourable. The industry will turn a dead asset into a live asset and this will profit the State. I support the Bill.

THE HON. G. BENNETTS (South-East) [10.22]: I am pleased to know that we are getting this iron and steel industry as well as a standard gauge railway. I agree with Mr. Cunningham that certain deposits of iron ore were perhaps the means of getting this agreement finalised. However, I do not think that was the important thing; it was a case of B.H.P. wanting to operate in this State. I would say that B.H.P. has as much power in the Commonwealth of Australia as has the Federal Government. I think B.H.P. could practically run the country if it so desired. It is a big monopoly. However, we must take our hats off to that company.

It is progressive and it has been responsible for a lot of employment. At the same time, this company does not operate unless it can obtain a fairly big margin on its outlay. Therefore, it is just as well the Federal Government and the State Government are concerned in this matter. Both of these Governments are of the same political colour and this may have helped our own Government in completing this agreement. No doubt at the next elections the Government will claim this as one of its babies.

I have been an advocate for a standard gauge railway since 1918, when I was employed on the Commonwealth railways as head conductor. At that time I met plenty of influential men who travelled by train instead of by air as they do today. I came in contact with them, and they used to say, "Why does not the Commonwealth Government link up the whole of Australia with a uniform gauge?" It was advocated at that time that the line proceed from Sydney down to Broken Hill, through Red Hill, and into Port Augusta. That was a suggestion made by some engineers in 1918.

During the last few years the route has been changed so that it will go from Broken Hill to Port Pirie. That line is in a very bad way and would practically require rebuilding. So South Australia will link Broken Hill with Port Pirie.

The cost of transhipment is something which I am worried about. I am concerned about what is going to happen on the Esperance line. I do not know whether it is the intention of the Government to keep the narrow gauge in existence between Kalgoorlie and Esperance; or between Kalgoorlie and Coolgardie—a distance of about 25 miles. If it is not intended to retain that narrow gauge line, the Government wants to reconsider the matter because Esperance has a great potential and the traffic at the present time is quite heavy. It could more than double within the next five years. It is going to be a big thing to tranship pyrites which have to come down to the super works here. There is also the matter of oil. Two big oil companies have put in plants at Esperance, and that oil is going to the mining companies at Kalgoorlie. Mining timber

is going to Kalgoorlie, and these things would cost a lot in regard to transhipment. So it may be profitable for the Government to keep that narrow gauge line between Kalgoorlie and Coolgardie in existence.

The Hon. C. H. Simpson: It will be retained.

The Hon. G. BENNETTS: I am pleased to hear that because I was worried about the situation. I am worried with regard to pyrites, and whether an increase will be charged for the transhipment of that commodity. That is something that will have to be taken into consideration by the time we get this broad gauge railway. Perhaps we may then have a super works at Esperance, which, in my opinion, and in the opinion of the farmers in the district, should be established within five years. By that time Esperance will be providing much of the meat requirements of the State; and there will probably be enough meat for export.

With the amount of land that will be developed at Esperance by that time it will be necessary to have a super works; and if that is so the pyrites will be used in the super works. This will save the cost of transhipment. As Mr. Cunningham said last night, Mr. Keasey built the lime kilns 33 years ago; and the man about whom Mr. Cunningham spoke—Mark Zuvella—has been the manager ever since. When Mr. Keasey's men started operations at the 913-mile at Naretha, they picked up the limestone from the ground. At the time, the area for about 100 miles on three sides was nothing but limestone boulders, and the men would go around with trucks and pick up the boulders, and take them into the siding. At times they are carted from great distances because it is too costly to shift the lime kilns. I suppose sometimes the limestone is carried 40 miles to the kilns. Because of the length of time the kilns have been operating I suppose it will be necessary for them to be shifted; and the ground is all clear where the limestone has been picked up.

I do not know what supply there is, but I think there would be a lot, and if there were an extra demand for it, it would mean more employment, which would be a very good thing. The limestone there is supposed to be 98 per cent. pure; and that is recognised by the mining companies and by companies throughout the world.

What is going to happen when we get the broad gauge line? It will cause some unemployment at Kalgoorlie because at present men are employed on transshipping goods from the broad gauge to the narrow gauge railway. I do not know how many gangs are there at present, but the amount of freight coming through is increasing each week; and extra trains could

be run if there were extra engines. Engine crews arrive in Kalgoorlie tonight at say 12 o'clock and then they have to be booked off for eight hours. They then do shunting duty for a day, and they return the following day; and there is still traffic in the Eastern States waiting to come here.

Each year when speaking on the Address-in-Reply debate I have touched on the subject of unification of railways. During my war experiences, when I was in the Commonwealth Railways, because of the equipment we had for handling the freight that came through, the work was done in what I might call slow motion. We had old overhead cranes and hand cranes with four men operating the windlass. Unification will speed up the matter of transshipping goods; and should there be another war there will be no hitch in transportation from one State to another.

I was pleased that Mr. Simpson changed his mind and said he was in favour of the unification of the railways. It is only a couple of months ago when the honourable member said the narrow gauge was better or cheaper than the broad gauge.

When I spoke on the Address-in-Reply or on one of the Supply Bills, I quoted certain railway figures to show that with a heavy road, and heavy rolling stock and bigger locomotive power, larger loads could be hauled and bigger profits could be made. In the building of this road we do not want to forget that the present railways will not help very much, because the new road will have to be laid down alongside of the old one; but a certain distance from it. New embankments will have to be put in and they will have to be of a heavier type than the present ones. Heavier rails and sleepers will be required, and so on. In addition, a practically all-new formation will have to be provided.

When a contract is let for the construction of the railway it should not be like the contract that was let by the Commonwealth Railways for the line from Maree to Port Augusta, because the cost of the repairs afterwards, as a result of faulty bridges, and faulty culverts, was terrific. This sort of thing should be guarded against. Perhaps the Commonwealth Railways could give us some information in respect to this matter.

The Commonwealth Railways are pulling a 5,000-ton load now with two diesel locomotives; and we will be able to haul a similar load. From Southern Cross to Midland Junction it is practically a down grade all the way. We do not want to have any steep grades because at some places on our railways the loads have to be reduced as a result of the grades. It is costly to do that. Sometimes trains have to be run especially to lift the load. A good rolling grade should help a lot; and the time to attend to the grades is when the lines are being constructed.

I hope that the rail charges will be decreased, but I do not know that they will be in regard to ordinary traffic. I think, however, B.H.P. will be given cheap rail freights; that company will be charged about half the freight that applies to wheat. On the goldfields line we have to pay a much greater freight than that; but, of course, that is only natural.

There has been talk about middlemen. I do not like to see middlemen anywhere; they are the ones who usually rake off a big "cop." As I said before, when a certain man got a job there he became the head man. I hope we do not have too many middlemen raking off a big "cop" at the expense of the taxpayers of the State.

An amount of £40,000,000 is to be spent here by B.H.P.; and because the company will be getting the iron ore at the price stipulated, it will make a big "cop" out of the railway because the steel for the rails, sleepers, spikes, and rolling stock will be manufactured by B.H.P. So the company is not coming here for nothing; it will get something back; it will show a big profit. I support the measure.

THE HON. F. R. H. LAVERY (West) [10.40]: In supporting the measure, I want to offer some criticism—constructive criticism, I hope. I can say that this industry, coming into the province I represent, gives me a great amount of pleasure; and I do not say that from the point of view of riding on the band wagon.

When I look at the Act of 1952 I find that the Bill before us is really a re-ratification of the legislation and the agreement that were then dealt with.

I do not intend to deal with the details of iron ore, the railways, and so on; I wish to get down to one or two points that I consider to be vitally interesting. I refer, first of all, to clause 18 (2) of the agreement dealing with water. A few nights ago I spoke on the subject of water supplies in the metropolitan area and for the proposed paper mill. Some 2,000,000,000 gallons of potable water will be required for the paper mill at the end of 10 years. The Bill before us proposes that approximately 520,000,000 gallons of potable water per annum will be required for this industry. This brings me to the point of asking where the water will come from. Because of our present storage facilities, this will be another problem for the hydraulics department of the State.

While I agree that B.H.P. and the Government should be able to find that quantity of water when it is required, the terms of the agreement emphasise the fact that in the metropolitan area we should make a survey of the quantity of underground water that is available. By clause 18 of the agreement the company is to be allowed to sink bores to a depth of 500 ft. Apparently when the agreement

was made, 500 ft. was the maximum depth to which the company was allowed to bore for water because it was thought it might then enter the zone of artesian water. The agreement provides that if the company does enter artesian waters, it may only do so as a result of a special agreement with the State. I believe this is a matter of great importance.

We must have these big companies if Western Australia is to progress as we wish it to; and it is gratifying to know that within eight years of B.H.P. first coming to this State, the company is entering into an agreement of this nature. The period of 18 years envisaged in the agreement is not a very long time in the history of the State. I do not expect I will be living then to see the culmination of the agreement—but one never knows. The matter of water—and this subject occupies almost three pages of the agreement—is of vital importance.

Clause 29 of the agreement deals with the dumping of slag, and subclause 3 reads as follows:—

The dumping shall be carried out progressively in strips parallel to the foreshore and shall follow the coast line and contours in such a fashion that solid projections into the ocean are not formed.

The preceding subclause of clause 29 of the agreement reads as follows:—

(2) The State will permit the Company to dump slag and refuse normal to a steel works along the eastern foreshore of Cockburn Sound at least from the south-western corner of the works site northerly for a distance of approximately 7,500 yards to the shore end of an unfinished groyne into the Sound for the purpose of identification.

The area mentioned is a very fine site for bathing, and many hundreds of families congregate there in the summertime. At the moment, I wish to emphasise that on my reading of this part of the agreement I cannot find any line of demarcation that has been made above high-water level beyond which the dumping of slag cannot be made. When it was proposed to build a yacht club in the Rockingham area, the members of the road board were concerned and insisted that the club should be built at least 90 ft. back from the high-water level in order to preserve those parts of the beach for the general public. That proved to be quite a happy arrangement for everyone.

I am wondering, therefore, whether in the drawing up of this clause of the agreement that aspect was overlooked, because subclause (4) of clause 29 of the agreement reads as follows:—

In such event the Company to the extent that such continued dumping would prejudice such development

structures or workings or depth of water by interfering with the sea bed by causing silt or scour—

That subclause makes me wonder whether consideration has been given to the high-water mark being defined beyond which mark the dumping of slag shall cease. Having vivid memories of the controversy between the people of Mosman Park and the superphosphate works over the dumping of pyrites slag in that area, I am anxious to ensure that a similar controversy does not occur as a result of the activities of this company.

The more one reads the agreement in the Bill the more one can see that a great degree of thought has been given to it. Whether the agreement was drawn up by the company to meet its own ends or by the Government to suit itself, I do not know, but regardless of that consideration it seems to be an extremely sound agreement. However, as I have said, there does not seem to be, in the agreement, any line of demarcation set to indicate the high-water level, beyond which the dumping of slag shall cease.

Having criticised those two paragraphs of the agreement set out in the Bill, I wish to pay a tribute to Miss Feilman for the town planning work she performed at Medina at the time a Bill was before Parliament some eight years ago, which was during my first session of Parliament. In the plan submitted by Miss Feilman she suggested that the township of Medina should be moved half a mile further south from the original site proposed. Her plan was for a townsite to accommodate 25,000 people in a short number of years. In retrospect, it now appears that the plan submitted by her at that time has proved to be perfect, especially when Broken Hill Pty. Ltd. really starts to develop its industries in the Kwinana district. I therefore take this opportunity to express my appreciation of the work Miss Feilman did in the town planning of this area.

I also wish to pay tribute to Mr. Burge, the manager of the steel rolling mill at Kwinana. I have had several interviews with him, particularly in regard to the employment of apprentices. Although a steel rolling mill is not the most suitable works for the employment of young lads, this year Mr. Burge put on eight apprentices. The number of men employed at those mills now totals approximately 360, and the works are being operated on a six-shift week. However, the existing mills are only a small project compared to the one envisaged in this Bill.

Whilst speaking on that subject, I would point out to the House that a complaint which is loudly voiced by the men employed in that area is that their children are forced to travel to the city in order to secure employment. However, that handicap will probably be overcome if this

industry is brought to Kwinana, because I know that men like Mr. Burge will be only too pleased to help members of the younger generation to find employment. Despite the fact that he wishes to co-operate in every way in this regard, he has voiced some criticism in regard to the qualifications of the young men who have sought employment in the steel rolling mill. Mr. Burge stated that although the youths who applied to him for employment had, in many cases, passed their Leaving Certificate, none of them had received any education that would make them fit for employment in this type of industry.

He has therefore expressed the hope that, in the near future, when young lads are taking the course to qualify for their Leaving Certificate, they will study scientific subjects rather than commercial subjects which would give them a greater chance to qualify for employment in the steel industry.

A few years ago when it was pointed out to Mr. Mason, the manager of the Kwinana oil refinery, that the State was passing through a mild recession, and that there were many men, over the age of 40 years out of work, it was also pointed out to him that we had been told that his company would not employ any man over 35 years of age. Our party leader, Mr. Hawke, subsequently took the matter up with Mr. Mason who eventually gave the assurance that provided the health of any man was sound, he would employ him up to the age of 55 years.

We now have the prospect of this huge steel industry being established in this State, but in regard to the granting of long service leave it is found that even the Education Department will not employ any person as a cleaner who is over 40 years of age. I know that to be an actual fact because only last week I was endeavouring to have a man employed by the Education Department as a cleaner. However, because he is 53 years of age the department will not employ him other than in a casual capacity. Therefore, I am going to ask the executives of Broken Hill Pty. Ltd., to take into consideration that in Western Australia we have many men who, although over the age of 45 years, can still do efficient work; but they may or may not be able to comply with the requirement that they must give 25 years' service before qualifying for long service leave. I would be glad to see all employers, including State departments, give these men special consideration.

Mr. Strickland said tonight we will have to bring many more new migrants to this State. As Mr. Cunningham stated, during the course of his speech, in 20 years' time the population of this State will be more than doubled. I agree it is expected that world population will double in the next 30 years; so I hope Mr. Cunningham's prophecy is fulfilled.

Having made those few remarks, I wish again to congratulate the Government on its achievement. I do not care which Government is responsible for attracting industry to this State, and I do not care from where the money comes, provided the organisation that seeks to establish industry in Western Australia complies with our labour conditions. I take this opportunity of congratulating Broken Hill Pty. Ltd., for fulfilling a promise it gave to the Government in 1952.

Mr. Bennetts passed the remark that this project would not have been brought to fruition had there not been a Liberal Government in office in the Commonwealth Parliament and a Liberal Government in this State. I want to say in this House that at no stage, when the Labor Government was in office, were the members of such a Government not happy to see Broken Hill Pty. Ltd. set up a steel industry in this State. If members will read the *Parliamentary Debates* of past years they will note that a Labor Government on many occasions tried unsuccessfully to encourage Broken Hill Pty. Ltd. to establish a steel industry in this State.

THE HON. E. M. HEENAN (North-East) [10.57]: This Bill is for the purpose of ratifying an agreement entered into between the State of Western Australia and Broken Hill Pty. Ltd., and our function tonight is to agree to the Bill so that the ratification can be brought about. I think every member of the House will vote for the ratification of the proposal; and I, in doing so, congratulate the Government of the State of Western Australia on this great achievement. On a hurried calculation, it appears to me that within the next 10 years or so, approximately £100,000,000 will be spent in Western Australia.

It is therefore obvious that the establishment of a steel industry in this State is a prodigious undertaking. The ultimate result will undoubtedly prove to be a great step forward for this State. I notice the agreement is absolutely conditional on the completion, before the 31st December, 1968, of a standard gauge railway line between Kalgoorlie and Kwinana. It is to be hoped, of course, that that condition will be fulfilled.

I feel the Government has probably good cause for believing that the Commonwealth Government will come up to scratch by fulfilling that condition. I notice that the preamble to the agreement reads as follows:—

Whereas the State is desirous that a blast furnace or blast furnaces and steel making plant and new rolling mill facilities shall be established and operated within the said State and has requested the Company whose principal business is that of Iron and Steel Masters in the Commonwealth of Australia to assist in that objective.

It is obvious that Broken Hill Pty. Ltd. has been approached by the State Government and is now willing to undertake this project, provided satisfactory arrangements are made. That is entirely reasonable. It is worthy to bear in mind that Broken Hill Pty. Ltd. has not made the gesture to establish the industry spontaneously; it has been approached by the State Government and it has bargained for satisfactory conditions. These conditions are reasonable and commendable from the State's point of view.

The agreement is very comprehensive. Many conditions will be imposed on the State, and undoubtedly it will have to bear a lot of the cost of providing some of the facilities. On the other hand, the company undertakes to spend no less than £40,000,000 to establish the industry. The royalties referred to in the agreement seem to be modest. In the circumstances I suppose they are reasonable as the company has to spend that vast amount in establishing the industry.

Broken Hill Pty. Ltd. has proved to be a great organisation. It has contributed largely to the development of Australia. Above all, it is an Australian organisation and most of the chief executive officers are Australians. As a matter of fact, a number of them were born on the Eastern Goldfields and received part of their education at the Kalgoorlie School of Mines. The company has an Australian outlook. It is satisfactory to note that the State will not have an imported organisation to develop these deposits of iron ore. An Australian organisation is far preferable to one from overseas for establishing the industry in this State.

This company has grown from very small beginnings. The famous men who have contributed to its success were largely Australians and familiar with Australian conditions. They were progressive, and that trend augurs well for the success of the great venture in this State.

One or two matters in the agreement cause me some concern. The standard railway gauge from Kalgoorlie to Perth will prove to be a great blessing to this State, but it will not be an unmixed blessing. As Mr. Bennetts pointed out, a good deal of employment which is now available at Kalgoorlie will be displaced. Whether the over-all effect to Kalgoorlie will be beneficial or otherwise, remains to be seen. It will certainly be a great advantage to this State to have trains running from Port Pirie to Perth without a break of gauge. The Kalgoorlie express will be replaced by the modern up-to-date trains which now traverse the Nullabor Plains. The transshipment of goods at Kalgoorlie will be replaced by modern methods and Kalgoorlie will become a station through which the new railway services will pass. Coolgardie could reap great advantages

from the wide gauge line, and I imagine Southern Cross will develop into a very important centre. What the ultimate pattern will turn out to be is difficult to foresee.

Broken Hill Pty. Ltd. adopts a policy of decentralisation. It opened the township of Whyalla in South Australia. Of course Newcastle, in New South Wales, is a big centre which is almost entirely dependent on the operations of that company. Broken Hill was the centre where the company originated; it is located in an outback portion of Australia; and it has continued to exist solely through the operations of the company.

The construction of the enormous project at Kwinana will add to the problem of centralisation in Western Australia. It will create a lot of employment and many allied industries. It is probable that many of these allied industries will be centred in and about Perth, and the township of Kwinana. In a way, it is to be deplored if the establishment of the industry at Kwinana results in taking the population and the work force from other parts of Western Australia.

The Hon. G. Bennetts: It could be the means of encouraging other industries to come to this State.

The Hon. E. M. HEENAN: Undoubtedly it will encourage other industries, and the over-all effect will be good. It is interesting to consider the limestone deposits at Naretha. We all hope they will be exploited to the fullest extent. It has occurred to me that the Government and the company should appreciate the fact that Kalgoorlie is the largest inland town in this State. It is a centre which must be preserved. The company might bear in mind the necessity of establishing some of its allied industries at Kalgoorlie.

I do not know whether the limestone deposits at Naretha could be carted to Kalgoorlie for treatment. I do not know whether the company can establish some of its ancillary branches in Kalgoorlie. The thought occurs to me that the welfare of the whole of this State has to be considered. The establishment of the industry at Kwinana should not result in the placing of all the allied industries in the metropolitan area. Whatever allied industries can be established inland in places like Kalgoorlie, Southern Cross or Naretha, should be established there, even if freights have to be subsidised to enable the allied industries to function on an economic basis.

I was pleased to hear Mr. Cunningham mention Mr. Jock Walls, a well known prospector. I know he was instrumental in locating some of the iron ore bodies in and about the district of Koolyanobbing. It seems a pity that some tangible recognition cannot be given to him and to others who were instrumental in locating the rich deposits.

We should bear in mind there are iron ore deposits at Wiluna and Cue, although they are far distant from railheads. Those centres of the State are badly in need of development. The communities there are struggling to exist. If iron ore is to be exported overseas I hope conditions will be imposed which will cause the deposits at Wiluna and Cue to be developed.

Apparently iron ore is a commodity which we possess in very favourable quantities. It is a commodity which is desperately needed by certain countries, and if the demand is so keen, we should impose conditions which will be advantageous to this State. It might be a good idea to tell those who desire the iron ore that it has to be obtained from parts of Australia which need development. It seems to me as if we are in a position to drive a fairly good bargain in that respect, and if this could be achieved, the State would definitely benefit.

This is undoubtedly a great time for Western Australia. The prospects are fascinating; and this State of ours has got the ball at its feet at present. The Government should feel proud of the deal it has achieved, and I wish all connected with it the greatest success.

THE HON. E. M. DAVIES (West) [11.17]: First and foremost I desire to join with other speakers in supporting this Bill. It is very pleasing to know that eventually we are to have an industry in this State which will be an attraction to other ancillary industries that I hope will be established in the same area.

The agreement takes my mind back over the industrial history of Great Britain. In the early years, Great Britain was, like this country, a primary-producing land. It was not until the beginning of the 18th century that industry started to establish itself in that country by the entry of artisans from parts of the Continent.

If we read the history of Great Britain we find that in most houses built in the early part of the 18th century, no provision was made for fireplaces or chimneys. Whatever fires were necessary in those days were established in the corner of the room with a hole in the roof to let the smoke out.

The first artisans who arrived in Great Britain were those in the brickmaking industry who knew how to make bricks out of the clay of which there is an abundance in that country. Then the abundance of suitable coal which existed was realised. Furnaces were built and bricks made; and coal, which was also found in plenty, was used to smelt the iron ore. And so industry started and Great Britain, as it was then known, was further advanced by the importation of weavers from the Continent. After they had started weaving mills, great things began to occur, so much so that in the middle of the 18th century

Great Britain was known as the workshops of the world. I am hoping that history will repeat itself in Western Australia.

I am reminded when I speak about coal that in 1952 B.H.P. made an agreement with the then State Government to establish a mill adjacent to the Kwinana refinery. It was stated that in return for having the right to utilise most of the iron ore in Western Australia, the company was to experiment with the coking of Collie coal.

And so the years have rolled by and nothing has been done in that regard other than, I suppose, some experimentation in the coking of Collie coal. Therefore some of us believed that it was not going to be possible for us to have anything at all here in the way of a steel industry and that our iron ore deposits would be tied up.

However, it was announced in the newspaper that a great industry, costing in the vicinity of £40,000,000 was to be established in Western Australia. The next morning the £40,000,000 had risen to £80,000,000. It was subsequently learned that the extra £40,000,000 was the amount of money which would be necessary to extend the uniform gauge railway line from Kalgoorlie to Kwinana.

I view some of these agreements with a rather critical eye. In my own personal life, I look ahead when contemplating engaging in any pursuit. I consider how much it is going to cost; how I am going to pay for it; and, if I am able to pay for it, what advantage will accrue from it? Therefore, in the first place, we must be very pleased indeed to know that a start has at last been made on a proposition first mentioned eight years ago—the establishment of an integrated iron and steel works.

The establishment of this industry will be the means of attracting quite a lot of ancillary industries to this State. Therefore the towns of Medina and Callista will eventually come into their own. Unfortunately the great things we expected of those places have not eventuated. I can remember going down to Medina and seeing streets of houses which had been built but which were unoccupied. As a matter of fact, scrub and trees had begun to grow in the yards.

Therefore it is very pleasing to know that an agreement has been signed between this Government and the company—a company which is well known throughout the country. I venture to say that it is a company which has done a great deal to help progress in Australia generally. Therefore I do not mention these things in criticism of the company but merely to stress that as a business undertaking it ensures that the agreement will be on the right side as far as it is concerned.

The only thing I am anxious about is that one of the conditions stipulated in the agreement is that the uniform broad gauge railway must be extended from Kalgoorlie to the metropolitan area and Kwinana. This project will cost between £35,000,000 and £40,000,000 and will be a charge on the Commonwealth and State Governments. If the broad gauge railway line is not established, the agreement will become null and void.

I can remember that in 1917 when I was in France, I read an article in a paper which had been sent to me, stating that the transcontinental railway line had been opened. It was hoped that in a few years that line would be extended to the metropolitan area in this State; but even now, in 1960, that has not eventuated. Therefore I am one of those individuals who would like to know whether the Minister has any inside information about this line and whether he can tell us when it is likely to be built. The sooner it is built the sooner we will be sure that this industry will be established.

I am not worried about this matter but I would like to know definitely whether we must visualise this industry as something which will come to pass in 18 years, or whether it will be established at a comparatively early date. I know that it will be the 31st of December, 1968, before production is commenced and that full production will not take place until 1978. But my interpretation of the agreement is that everything depends on the extension of the uniform gauge line. The only information we have in this regard is that negotiations are taking place; and I hope they will be successful.

I notice that the dredging which will be necessary will be a charge on the State. This will involve considerable expenditure because the channel has to be 30 ft. below low-water mark with a width at the bottom of something in the vicinity of 400 ft. Like the dredging required for the Kwinana refinery, this will be a very big and costly job. The cost of the dredging for the Kwinana refinery was borne by the State Government, a loan having been made available by the company.

While it is agreed that it is very nice to have this industry establish itself here, we must also realise that a great deal of the State's money will be involved. This also takes my mind back to the industrial expansion which took place in Great Britain. Most of the expansion was carried out by private industry and, as I stated previously, by the middle of the 18th century Great Britain had become the workshop of the world. I reiterate what I have already stated and hope that history will repeat itself.

I join with Mr. Lavery in his remarks on the dumping of slag. I had intended to speak on this before Mr. Lavery addressed

the House. I can recall that not so many years ago slag was being used as a basis for roadmaking.

I was wondering whether some other use could not be found for the slag instead of tipping it along the foreshore of Cockburn Sound which, to my way of thinking, is a heritage of the people. Exactly how it will be tipped there, or spread, I do not know; but having seen what slag is like, and having seen it used for road making, I can imagine its being quite unsightly, from an aesthetic point of view, in that area. Why arrangements have been made for the slag to be deposited along the foreshore of Cockburn Sound I am at a loss to understand.

I feel it could be used to far better purpose, instead of being dumped along the foreshore of what I consider to be a heritage of the people. I think that this is a matter which could be looked into to see whether it could be used for some other purpose, or perhaps deposited somewhere else so that it could be used at some time in the future. I hope the Minister will, when replying to the debate, give us some information on that aspect. I admit that, if he desires to reply to the debate this evening, he will not have had much time to consider that aspect.

The Hon. A. F. Griffith: I can give you the answer right now.

The Hon. E. M. DAVIES: That is good. I like to get something straight from the horse's mouth.

The Hon. A. F. Griffith: I am not a horse.

The Hon. E. M. DAVIES: I know that the Minister is not a quadruped.

The Hon. F. J. S. Wise: But he is hoarse tonight.

The Hon. A. F. Griffith: I am working as hard as a horse.

The Hon. E. M. DAVIES: When speaking Mr. Jones said that the uniform gauge might be a means of reducing freights. I can remember Mr. Simpson speaking in this House on many occasions. He was opposed to an extension of the broad gauge system because he said that such an extension would take away freight which is now carried on the State's narrow gauge railway. He said that this was recognised as one of the most payable sides of the railway system in this State and therefore—although he may not have used these words—it would contribute to ever-increasing deficits in our railway system each year.

Yet Mr. Jones claims that with the building of the uniform gauge railway there will be a reduction in freight rates, and that will be of some benefit; whereas Mr. Simpson has said that it will take freight from our State railway system. The railway system of Western Australia is not a paying proposition, although it was the means of opening up the State;

and it helped to pioneer the State in the early days. To a certain extent it still helps to open up the State; and I am wondering whether the uniform gauge railway will be of as much benefit to the State as the narrow gauge has been and still is, or whether it will be a liability to the State and be used only for the transporting of iron ore.

The Hon. C. H. Simpson: It is a question of multiplying by four the tonnage put over the line.

The Hon. E. M. DAVIES: I am not going to multiply anything this evening; I believe that that has already been done on many occasions in this House. But apparently this new railway system is to run parallel with the existing system as far as Northam, then it will branch across to Toodyay and down through a better grade in the Darling Ranges to the metropolitan area. Whether it will be an economic advantage to Western Australia, or whether it will be used only for the transporting of iron ore to the proposed smelting works, is something I would like to know when the Minister replies.

I do not want to indulge in unnecessary repetition because much has already been said about this measure. However, I join with other members in expressing much pleasure in the fact that this agreement has been made, bearing in mind that this is something that we have been looking forward to for the past eight years.

I trust that, as a result of the agreement, the Commonwealth Government, which has not been spending a great deal of money in Western Australia over past years but has concentrated on the eastern States and spent millions of pounds there, will do something for Western Australia, and that it will be our turn to get something from that Government. If the Commonwealth Government is prepared to make a larger grant of money available to the State for use on extending the uniform railway gauge, the industry covered by this agreement will be established.

As I said previously, if there is no extension of the uniform railway gauge to Kwinana there will be no iron and steel industry. From what I can see of the matter it all rests upon the Commonwealth Government which has a chance to do something for Western Australia. This is something which many of us have been barking about for years. With those few remarks I support the Bill.

THE HON. R. THOMPSON (West) [11.36]: I rise briefly to support the Bill; and I shall not indulge in any unnecessary repetition. The establishment of an integrated iron and steel industry will be good for the development of the Fremantle district generally, and particularly Kwinana, Medina, and those surrounding areas.

My main object in speaking this evening is to suggest to the Government that it should take heed now of the development that can flow from the establishment of an integrated iron and steel industry. It should realise, for instance, that any up-river extension of the harbour would be useless in the future; virtually it would be money poured down the drain because, with the advent of a steel industry, we could expect many other types of secondary industries to follow. It is my fervent hope that they will follow, and I think the Government should take cognisance of the potentialities of Cockburn Sound as far as an outer harbour is concerned.

The Hon. J. M. A. Cunningham: Plus a naval base.

The Hon. R. THOMPSON: Yes, I do not think that is out of the question in the not-too-distant future. I think a naval base could quite easily follow, with the necessary floating docks and dry-docking facilities.

I wonder what people who will sit in this Chamber in 50 years' time will think of what we have done on this occasion. Will they say, "Why did the legislators of that day, and the Government of that day, give away such huge deposits for the establishment of a steel industry?" I visited Parliament House in 1952, when the Bill with respect to the establishment of a steel rolling mill by B.H.P. was before Parliament. I well remember the debates which took place on that measure because I sat in the Speaker's gallery. I can recall the promises that were made, or the views expressed by Government members. They said that it was only a matter of time, because of the grants that had been given to the company at Yampi Sound and at Cockatoo Island, before an integrated iron and steel works would be established.

But we have found that that has not been the case, and now we are being asked to give away further deposits of iron ore. I say, without fear of contradiction, that any of the major steel companies in the world would have readily established a steel works in this State had they been offered the same concessions that have been offered to this company. However, I much prefer to see B.H.P. established here because it is an Australian company and its profits will remain in Australia.

Another pleasing feature about the Bill is the long term planning with respect to the expenditure of the money involved. I sincerely hope that in 12 months' time, when we are in power once again and have to carry out the provisions in this Bill, and with the industrial revolution that could follow, arrangements with other big industries will be planned in the same way. We do not want to be placed in the same position as we were when the Kwinana refinery was established, and when the B.H.P. steel rolling mills were built. There was

an influx of migrants, but after the jobs had been completed they had to be found other employment.

With this industry the planning is to extend over 18 years, which is a long time; and I hope the same plans will be followed with other industries. It will be necessary to bring migrants to this country, but with the work being spread over a number of years it will be more beneficial to the State than was the case when the refinery was built. When the refinery was completed, hundreds of people were put on to the labour market and it was necessary to find other jobs for them.

The planning provided for under this Bill is quite sound, and I sincerely hope that future planning in respect of major industries will be carried out in the same way.

I do not want to weary the House any longer except to say that I am pleased to see this industry coming here. It will give the youth of Medina, by the time the project is finished, an opportunity to enter an industry with a future, and it will be a means of employment for many Western Australians, and for those who come to our shore in the future.

THE HON. A. F. GRIFFITH (Suburban—Minister for Mines—in reply) [11.43]: At this late hour it is not my intention to keep the House long in replying to the debate; but I feel that it is incumbent on me to reply to at least some of the points that have been raised, particularly because of the attitude that has been adopted by. I should say, all speakers. They have given the Bill a very good reception, and they have all supported it.

Firstly I would like to deal with the speeches as they were made and make the few remarks that are necessary in each case. In some instances it will not be necessary to reply to the comments made; but I shall deal firstly with some matters that were brought forward by Mr. Strickland. He said that B.H.P. had put a price on the taxpayers of Western Australia inasmuch as in return for the establishment of a steel industry a broad gauge railway from Kalgoorlie to Perth had to be built, and the people of Western Australia were going to be asked, or would be expected, to bear 30 per cent. of the cost of that project. Of course, that is not quite accurate.

One of the recommendations of the Rail Standardisation Committee of October, 1956, to which the honourable member referred was that a broad gauge line not only to Western Australia but to other parts should be constructed, and that the cost should be borne by the Commonwealth. In my second reading speech I said that the cost in connection with the establishment of the broad gauge line would be on a basis similar to that applying to the South Australian construction.

In that case the Commonwealth of course will pay 100 per cent. It will immediately assume responsibility for 70 per cent. of the amount, and the other 30 per cent. will be recorded against us, but will be written off in 50 equal annual payments, plus interest on the reducing balance. In other words the Commonwealth will pay through the Grants Commission. So Western Australia will not suffer the impact of taxation which Mr. Strickland, stretching the long bow, asked us to accept it would.

That is misleading, because not only do we not expect to have to pay that amount of money, but the coming of this industry to Western Australia will be a magnificent thing. I would say in all kindness to Mr. Davies that he should not adopt a lugubrious attitude towards the establishment of this industry; he should be optimistic about the future. Why does the honourable member laugh about it?

The Hon. E. M. Davies: I did not say I was not optimistic.

The Hon. A. F. GRIFFITH: Mr. Ron Thompson said he would like to be able to look into the future and see what the people thought in 50 years' time. Two things struck me about that statement: One was that the honourable member was confident that the Legislative Council would be there in 50 years' time. I also feel confident it will. The other point is that the honourable member hopes that people in 50 years' time will say that the people of this State, when ratifying this agreement in this House of Parliament, were far-sighted enough in their ideas to know that it would pay a great reward in 50 years' time.

The Hon. F. J. S. Wise: I think we flatter ourselves if we think they will give us a thought in 50 years' time.

The Hon. A. F. GRIFFITH: It may be flattering for us to think they will give us a thought, but it is possible they will. I have heard it expressed on occasions by Dr. Hislop, and rightly so I think, that sometimes it takes a long time for suggestions to sink in; but they do eventually sink in. And I have heard the honourable member, who so kindly interjected a moment ago, refer to *Hansard* reports and bring to our notice things that Parliamentarians did and said long ago, together with their achievements.

I do not think we have to look too far back to see the value of those suggestions, and of some of the achievements that have been made. I would hope that the ratification of this agreement might go down as a milestone in the development of Western Australia; that it might be included as a mark in the industrial development that we are, without doubt, going to show from this point on.

Mr. Strickland said he thought the time to bring this to fruition would considerably lag. Of course in a project of

this nature we must make haste slowly. The railway itself will take 12,000 man-years to build; that is roughly 2,000 men working for six years. The survey will take about a year to complete; and the plans, preparation, and the administration for the railway will take another year to complete; while the construction of the track itself will take six years.

It is not a question of making haste quickly. No matter how much one might desire to wave a wand and say this can be done overnight, it is just not possible; because the very items we will require in connection with the construction of this industry will also take time to acquire. Australia is desperately short of the very commodity which this company will seek to manufacture within our own State. We just cannot get as much steel as quickly as and in the quantities that we want it.

It was also said by Mr. Strickland that we have huge deposits of iron ore. So we have. In the life of this Government, my attitude as Minister for Mines, and the attitude of the Government, collectively, on the question of the Koolyanobbing deposits has been that we will exchange them on one basis—and I thank the honourable member for the clap—that one basis being the establishment of a steel industry.

I am very pleased indeed to see that the basis of many weeks' negotiation has brought us to the point where last Friday we were able to secure a signature to this agreement; and we now bring it to Parliament for ratification. Mr. Strickland said he hoped the people of Western Australia would reap the reward from the export of iron ore from Western Australia. I would like to assure the House that, as Minister controlling the department that is my objective as it is the Government's objective.

I am most interested indeed in the statement that there is profit to be made out of iron ore to the extent of £6 or £7 per ton. I venture to suggest that it is a completely fallacious remark. To the best of my knowledge there is no foundation for thinking that a profit of £6 or £7 per ton could be made on iron ore. Things are undoubtedly different. It is proposed to impose a royalty of 1s. 6d. which will be payable on the amount of iron ore which is processed or won by the company in its mining operations; and in return for this, as Mr. Cunningham said, the company will invest the sum of £40,000,000, together with all the necessary features that go towards the establishment of such an industry.

It is no use saying the reward should be greater in respect of iron ore than it is with regard to any other mineral; because I would remind the House that Government's change from time to time. I know that whatever Government is in power it will impose these royalties in accordance

with the regulations laid down under the Mining Act. The last Government did not impose any larger amount of royalty on iron ore than that prescribed at the moment; and the amount is 1s. 6d.

There was ample opportunity, if it was desired, to change that royalty after Broken Hill Pty. Ltd. thought fit to bring the amount up from that in the 1952 agreement to the amount of 1s. 6d., commensurate with the arrangements that were made in South Australia.

As far as our iron ore deposits are concerned and in respect to export we will be the masters of that situation. We have called tenders; and, for the reasons I have explained to the House before, in the event of an export license being granted it may be necessary, and probably will be necessary, for us to call tenders again. Because of that simple fact it is not possible for us at this point of time to disclose to the House the information contained in the tenders that were called some time ago.

Comment was also made by Mr. Strickland about my point that I thought we were lucky to obtain an arrangement whereby Wundowie was able to continue to draw its supplies from Koolyanobbing. It depends entirely upon the construction—as I think I interjected and said—that one places upon the word "lucky." It is an unusual state of affairs, and far from established practice, that mining leases should be shared by anybody. Most mining leases—I would say without exception—are granted in proprietary to the person who applies for them and who receives them. He does not share them with anybody. In this case we were able to conclude with the company a satisfactory arrangement which would enable Wundowie to continue to get its supplies.

So I say again we were fortunate to be able to make that arrangement with the company. The company did not take violent objection and say, "We will not allow any more iron ore to come from Koolyanobbing for the purpose of the Wundowie industry."

The Hon. F. R. H. Lavery: It would hardly have been fair to Wundowie if it had said that.

The Hon. A. F. GRIFFITH: The fact is that it is not a basis for argument; it was fortunate that we were able to conclude that agreement without any difficulty. That is the only answer.

The Hon. F. R. H. Lavery: Wundowie was purchasing that iron ore before B.H.P. came into it.

The Hon. A. F. GRIFFITH: Do not let us go wrong in our thinking in this matter. The 1952 agreement talked about Koolyanobbing, and since this has been mentioned it might be appropriate for me to refer to that aspect. It is interesting to notice that the Minister for Industrial

Development, when he was speaking to the debate, said, at page 1462 of the 1952 *Hansard*—

The agreement does not provide for anything in regard to the iron-ore deposits at Koolyanobbing, but under Clause 3 of the Bill the Koolyanobbing leases for a period of ten years from the passing of the legislation shall not be declared to be open for mining or to be temporarily occupied except that the State may remove up to 50,000 tons of ore in any year. This 50,000 tons of ore is mentioned because of the needs of Wundowie for pig-iron, Koolyanobbing iron-ore now being mixed with local ore for this purpose. During the period of ten years the State may enter into an agreement with any person for the establishment within the State of an iron-ore smelting and steel melting plant of not less than 100,000 tons of pig-iron a year, provided that such person puts up a bond of £100,000. It is provided that in that case, if the plant is completed within six years, the bond shall be cancelled.

So in 1952 when that agreement was entered into it was proposed that nothing be done with Koolyanobbing, accepting that under this agreement no Minister for Mines could hand out any titles with regard to Koolyanobbing, but it could be the basis upon which an iron and steel industry could be negotiated up to 100,000 tons a year. This agreement is five times as big as that, I am very glad to say. When we realise that the 1952 agreement did say the object was an integrated iron and steel industry, it can be seen it was certainly the desire of the Government at that time to encourage a steel industry to come here. It did not, however, debar any other arrangement that might have been entered into with any other company to establish a steel industry here. When Mr. Tonkin went overseas, he, according to reports, tried hard to get someone interested in the Koolyanobbing deposits, but he was unable to do so.

We are glad we were able to do this very thing. It will come to fruition with this agreement. Mr. Simpson was on the right track when he spoke of the manner in which the cost would be shared with the Commonwealth Government for the construction of the broad gauge railway. Mr. Simpson knows the position and Mr. Strickland obviously does not. Both Mr. Davies and Mr. Lavery made mention of the dumping of slag. The dumping of slag has to be carried out at the discretion of the Fremantle Harbour Trust. Section 75 of the Fremantle Harbour Trust Act prohibits any action that might be injurious to navigation, such as allowing anything to fall into the harbour or into the sea—roughly from Cottesloe to Rockingham—below low water mark.

Consequently, the dumping of slag will be carried out under the supervision of the Fremantle Harbour Trust.

The Hon. E. M. Davies: The Harbour Trust is only concerned about the coastline. I am talking about the heritage of the people.

The Hon. A. F. GRIFFITH: We know that the site of the Narrows Bridge was considered to be the heritage of the people; and I was one on the other side of the House at the time who criticised the Government quite strongly for what it was doing to the heritage of the people. However, I am now prepared to admit that the bridge is a thing of beauty.

The Hon. E. M. Davies: I don't think the two are comparable.

The Hon. A. F. GRIFFITH: I agree it is not a good comparison; but we must have some faith in the authorities. Do not let us pour cold water on the whole thing. We must have some faith in the company that is going to establish the industry, which will be of great benefit to Western Australia. Difficulties are sure to arise, but they will be overcome.

The Hon. E. M. Davies: I am suggesting that the slag could be better used than by dumping it along the coast.

The Hon. A. F. GRIFFITH: That might be so; and it is my intention to send a copy of this debate to B.H.P. so the company can extract any suggestions it thinks might be useful.

The Hon. F. R. H. Lavery: When speaking to the Bill it was our idea to make suggestions.

The Hon. A. F. GRIFFITH: Mr. Davies mentioned the coking of Collie coal. A lot of experiments have been carried out in respect to Collie coal, but unfortunately we have not reached the position yet where Collie coal can be satisfactorily used. I would point out to the honourable member that the Government is hopeful of establishing a sponge iron industry which will use low-grade deposits of iron ore, of which we have heard so much tonight. It is the intention, if possible, to establish this industry in the south-west. Experts have told me that Collie coal will be very useful in the treatment of low-grade limonite deposits in the manufacture of sponge iron.

The experimentation and research in connection with Collie coal must go on; and one of these days I feel sure that somebody will come forward with the answer to the problem. However, we have not got that answer at the moment. Because we have not got that answer, B.H.P. did not say it would not establish this industry. For a time the company will bring the necessary ingredients here, but because of that we gave the company the right to backload some iron ore.

The Hon. E. M. Davies: That point is appreciated. I am not suggesting that nothing was done by way of experiments.

I know that that has been one of the conditions; and the other one now is the broad gauge railway.

The Hon. A. F. GRIFFITH: The broad gauge railway will be of enormous benefit to Australia. We have heard a good deal said tonight about Kwinana. Kwinana was established about the time of the 1952 agreement. That area did not go ahead as we hoped. There were, and still are, a number of houses at Medina which have not been tenanted during the last 18 months. I know the previous Minister for Housing found it necessary to do what I have been doing: that is, putting in people in a caretaker capacity to look after the property. Sometimes pensioners are provided with accommodation there at a rebated rent to make sure that the property is cared for.

The Hon. E. M. Davies: You have done a good turn for some people.

The Hon. A. F. GRIFFITH: I think I helped a family with which the honourable member had some connection. The important thing is that Kwinana will go ahead. I think it will be remembered that I said last year I felt the temporary setback Kwinana had received would be put right and that industry would ultimately go there. It is pleasing to be able to state that Kwinana has started to grow again. In addition to this industry there is a steel mill and a tube mill, and there is to be the lubricating industry, as well as others. I feel we are on the verge of a great era of industrial development in this State. Mr. Davies mentioned Great Britain, but I do not think this State is comparable with Great Britain.

The Hon. E. M. Davies: When we are as old as Great Britain we might be.

The Hon. A. F. GRIFFITH: We have been an agricultural-producing country for a long while, and I hope that will always be the position. Agriculture has always been a part of our economy; but we must have other industrial development of which we have heard a good deal tonight.

I thank members for the support they have given to this agreement between the Government and B.H.P. The agreement may not be completely perfect in all its clauses, but at least it sets out to establish something here which I feel sure will be of tremendous benefit to this State. If one had walked down the main street of Perth a fortnight ago and asked the average man he met what the chances were of Western Australia getting a steel industry, very few asked could have said, "I think a Bill to establish it will be before Parliament for ratification next week."

Question put and passed.

Bill read a second time.

In Committee

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

Third Reading

THE HON. A. F. GRIFFITH (Suburban—Minister for Mines) [12.11 a.m.]: I move—

That the Bill be now read a third time.

THE HON. F. R. H. LAVERY (West) [12.12 a.m.]: When replying the Minister referred to a suggestion of mine regarding the dumping of slag. I understood him to say that Mr. Davies and myself were pouring cold water on the agreement. I want it to be clearly understood that I made special emphasis of the fact that any criticism I made would be of a constructive nature. I want B.H.P. to know that that was my intention.

The Hon. F. J. S. Wise: He meant cold sea water.

THE HON. A. F. GRIFFITH (Suburban—Minister for Mines—in reply) [12.14 a.m.]: Perhaps my cold is too bad tonight and I took the honourable member the wrong way.

Question put and passed.

Bill read a third time and passed.

OPTOMETRISTS ACT AMENDMENT BILL

Assembly's Message

Message from the Assembly received and read notifying that it had agreed to amendments Nos. 1, 2, 3 and 9; and had disagreed to amendments Nos. 5, 6, 7, and 8; and had agreed to amendment No. 4, subject to an alternative amendment.

In Committee

The Chairman of Committees (The Hon. W. R. Hall) in the Chair; The Hon. L. A. Logan (Minister for Local Government) in charge of the Bill.

The CHAIRMAN: The Council's amendment No. 4 is as follows:—

No. 4.

Clause 9, page 4, line 3—Insert after the section designation "34C" the subsection designation "(1)."

The alternative amendment made by the Assembly to the Council's amendment is as follows:—

Delete all words in the amendment after the word and figure "Clause 9" in line 1, and insert the following in lieu: "Delete the whole of Clause 9 and insert the following new clause to stand as Clause 9":—

9. The principal Act is amended by inserting after section thirty-four B the following section:—

34C. (1) Any person who has for a period of not less than eighteen months immediately prior to the commencement of the Optometrists Act Amendment Act,

1960, been continuously, solely and *bona fide* engaged in the dispensing of prescriptions made or given by oculists or optometrists, may not later than the thirty-first day of March, one thousand nine hundred and sixty-one, apply in writing to the Board for permission to continue such dispensing, and the Board, upon payment of the prescribed fee and upon proof to its satisfaction that the applicant—

- (a) has attained the age of twenty-one years and is of good character; and
- (b) is a natural born or a naturalised British subject, and has resided continuously in the Commonwealth for not less than five years during which time he has resided in this State for at least two years; and
- (c) has in fact for the period aforesaid been continuously, solely and *bona fide* engaged in the dispensing of prescriptions made or given by oculists or optometrists,

shall grant to the applicant the permission applied for, but no such permission shall entitle, or be deemed to entitle, the applicant to measure the power of vision.

(2) The Board may prescribe an annual fee to be paid by persons granted permission pursuant to the provisions of this section.

The Hon. L. A. LOGAN: Members might think that what the Assembly has done is pretty involved, but, in fact, it is not. This alternative amendment has been redrafted to remove one or two ambiguities without altering the principle whatsoever. I move—

That the alternative amendment made by the Assembly be agreed to.

The Hon. J. G. HISLOP: I am quite happy to accept this alternative amendment. What the Assembly has done will clear away any ambiguities and will achieve exactly what this Chamber intended.

Question put and passed; the alternative amendment made by the Assembly agreed to.

The CHAIRMAN (The Hon. W. R. Hall): The Council's amendments Nos. 5 to 8 to which the Assembly disagreed are as follows:—

No. 5.

Clause 9, page 4, line 17—Delete the words "five years" and substitute the words "eighteen months."

No. 6.

Clause 9, page 4—Delete all words from and including the word "as" in line 23 down to and including the word "Board" in line 28.

No. 7.

Clause 9, page 4—Delete all words from and including the word "entitled" in line 29 down to and including the word "Board" in line 32 and substitute the following: "permitted to continue the dispensing of such prescriptions but shall not be permitted to measure the power of vision."

No. 8.

Clause 9, page 4—Add the following subsection to proposed new section 34C:—

(2) The Board is empowered to prescribe a registration fee in the case of persons permitted to practise as set out in subsection (1) of this section.

The Assembly's reasons for disagreeing are as follows:—

As the amendments to clause 9 as passed by the Legislative Council could lead to confusion it has been redrafted to eliminate ambiguities, but so as not to interfere with the principle of the original.

Reference to "registration" has been omitted in favour of "permission to continue such dispensing." When the provisions of Section 33 of the Act are considered, it is apparent that the use of the word "registration" would introduce uncertainty and inconsistency if used in the clause. Section 33 clearly authorises a registered person to practise optometry in all its branches. This is not intended.

Application "in the prescribed manner" would require the Board to make special rules laying down the form of application and the manner in which application must be made. This would take about two months. As few persons are affected, it would seem sufficient if the Bill merely required applications to be in writing.

Reference to "registration fee" has been altered to "fee," and it has been made clear that the fee is payable annually, so as to be consistent with fees payable by registered optometrists.

The Hon. L. A. LOGAN: I move—

That amendments Nos. 5 to 8 be not insisted on.

As we have accepted the Assembly's alternative amendment to our amendment No. 4, these amendments are not required.

Question put and passed; the Council's amendments not insisted on.

Resolutions reported, the report adopted, and a message accordingly returned to the Assembly.

BETTING CONTROL ACT AMENDMENT BILL (No. 2)

Returned

Bill returned from the Legislative Assembly without amendment.

COMPANIES ACT AMENDMENT BILL (No. 2)

First Reading

Bill received from the Legislative Assembly; and, on motion by The Hon. A. F. Griffith (Minister for Mines), read a first time.

MARRIED PERSONS (SUMMARY RELIEF) BILL

Assembly's Message

Message from the Assembly received and read notifying that it had agreed to amendments Nos. 3, 4 and 5 made by the Council, and had disagreed to Nos. 1 and 2.

In Committee

The Chairman of Committees (The Hon. W. R. Hall) in the Chair; The Hon. L. A. Logan (Minister for Local Government), in charge of the Bill.

The CHAIRMAN: The Council's amendment No. 1 to which the Assembly disagreed is as follows:—

No. 1.

Clause 7, page 7, line 4—Delete the words "all parties" and substitute the words "any party."

The Assembly's reasons for disagreeing to this and the other amendment are—

It is undesirable to further limit the right of a justice to sit with the magistrate. While no undertaking of any kind has been given to any body or association of justices, it is felt that such bodies were under the impression that only the limits imposed by the Bill as originally presented would be enacted. It should be remembered that since 1922 a justice has sat with the stipendiary magistrate under the existing law.

The Hon. L. A. LOGAN: Members will recall that when I accepted this amendment in this Chamber it was because of a set of circumstances that had been brought to my attention. However, the

reasons submitted by the Legislative Assembly for not agreeing to the amendments made by the Council are that the Justices' Association and the Women's Justices Association were under the impression that no further alteration would be made to the part which the justices played in sitting on the bench with the magistrate when considering any of these cases. The incident referred to is not one that is likely to recur. The chances of its recurrence are probably 1 in 10,000. Therefore I do not think there is any necessity for the Committee to insist on this amendment.

The Justices' Association, which took an active part in the drafting of this measure, was led to believe that only in those circumstances where it interfered with the Commonwealth Act and where there were no justices within a range of 10 miles would a justice not be able to sit with a magistrate; and also when both parties did not want a justice on the bench. The amendment meant that either one of the parties could sit on the bench in association with a magistrate. As I have said, the Women's Justices Association does not desire the amendment. Therefore, I move—

That the amendment be not insisted on.

Question put and passed; the Council's amendment not insisted on.

The CHAIRMAN (The Hon. W. R. Hall): The Council's amendment No. 2 to which the Assembly disagreed is as follows:—

No. 2.

Clause 7, page 7, line 4—Delete the word "elect" and substitute the word "elects."

The Hon. L. A. LOGAN: For the same reason I put forward in regard to amendment No. 1, I move—

That the amendment be not insisted on.

The Hon. F. J. S. WISE: For the sake of clarity, can the Minister tell me whether these amendments have anything to do with the major one moved by Mrs. Hutchison?

The Hon. L. A. LOGAN: These amendments were moved by Mrs. Hutchison in the first place. They deal with justices and the magistrate.

The Hon. W. F. WILLESEE: As I consider that this Bill has been dealt with in this particular by Mrs. Hutchison, and in view of the fact that she has had to leave the Chamber at this late hour because of ill-health, I ask the Minister to postpone the consideration of the message from the Legislative Assembly at this stage so that she might give her version of the Assembly's not agreeing to these amendments. In all fairness, therefore, if the Minister could see fit to postpone the consideration of the Bill until, say, the next sitting of the Chamber, she could

then be present to voice her opinion on the Assembly's reasons for not agreeing to the Council's amendment.

The Hon. L. A. LOGAN: I am quite happy to do that. The reason why I carried on with the consideration of the message from the Legislative Assembly was because I received information from another place that some Labor members were of the opinion that the Council's amendments should not be accepted. Having obtained that information, I decided to go on with the consideration of the Assembly's message despite the fact that Mrs. Hutchison was absent from the Chamber. However, if Mr. Willesee is anxious that the consideration of the message should be postponed, I am quite prepared to report progress.

The CHAIRMAN (The Hon. W. R. Hall): I point out to the Minister that amendment No. 1 has not been insisted on by the Committee, and that the second amendment is merely consequential on the first.

The Hon. L. A. LOGAN: That is so, Mr. Chairman.

The CHAIRMAN (The Hon. W. R. Hall): If the Minister so desires he can move that further consideration of the Assembly's message be postponed.

The Hon. L. A. LOGAN: In deference to what Mr. Willesee has said, I am prepared to report progress.

Progress reported, and leave granted to sit again.

FREMANTLE HARBOUR TRUST ACT AMENDMENT BILL

Second Reading

THE HON. L. A. LOGAN (Midland—Minister for Local Government) [12.43 a.m.]: I move—

That the Bill be now read a second time.

The passing of this Bill will empower the Fremantle Harbour Trust to borrow money outside of the State Treasury for construction works of a capital nature. The trust at present receives an allocation of loan money from the Treasury each year; but, as with money for other State instrumentalities, the amount of funds which are made available annually are not sufficient to meet the rate of development desired by the commissioners of the trust.

This Bill will in no way prevent the trust from applying for and continuing to receive normal loan allocations. As an indication of the trust's expanding needs, I might add that this instrumentality's works programme over the past four years was based on an expenditure of £4,018,000, towards which the Treasury was able to allocate by way of loan moneys no more than £2,390,000.

The principal works requiring additional expenditure of capital funds are, first and foremost, the new passenger terminal now under construction, and which incidentally is expected to rank amongst the world's best; quay cranes and hoppers; up-river extensions of the harbour; dredging and bell-mouthing at the harbour entrance; and the erection of new offices.

The borrowing powers which the Government has in mind for the trust are identical with those at present available to the State Electricity Commission.

As is well known, the State Electricity Commission has a very fine record in the matter of fund raising by way of special loans, and it is hoped with the passing of this measure the Fremantle Harbour Trust may be able to take advantage likewise of semi-governmental borrowing facilities in the State and thus be enabled to implement more effectively its developmental programme.

On motion by The Hon. R. Thompson, debate adjourned.

ADJOURNMENT OF THE HOUSE: SPECIAL

THE HON. A. F. GRIFFITH (Suburban—Minister for Mines): I move—

That the House at its rising adjourn till 2.30 p.m. today.

Question put and passed.

*House adjourned at 12.47 a.m.
(Thursday).*

Legislative Assembly

Wednesday, the 23rd November, 1960

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