

Legislative Assembly

Tuesday, 28th October, 1952.

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

ASSENT TO BILLS.

Message from the Governor received and read notifying assent to the following Bills:—

1. Wheat Industry Stabilisation Act Amendment.
2. Supply (No. 2), £10,000,000.

QUESTIONS.

GOVERNMENT EMPLOYMENT.

As to Departmental and Other Employees.

Mr. CORNELL asked the Premier:

What was the total number employed by each of the following departments, namely—

- (1) Police Department;
- (2) Education Department;
- (3) Public Works Department;
- (4) Railway Department;
- (5) Other departments not subject to the Public Service Commissioner;

on each of the undermentioned dates—

30th June, 1935;

30th June, 1939;

30th June, 1947;

30th June, 1952?

The PREMIER replied:

State Government and Semi-Government Employment*.

	At 30th June, 1947.	At 30th June, 1952.
Government Departments—		
Police	743	1,013
Education	2,769	3,374
Public Works	4,413	5,756
Railway	9,809	11,205
Other	6,769	9,039
Total†	24,503	30,387
Trading Concerns	2,224	2,703
Boards, Trusts and Commissioners‡	3,544	6,871
Grand total	30,271	39,961

* Source—Treasury Pay Roll Tax figures. Includes employment under State Public Service Commissioner.

† Includes Government controlled hospitals (Kalgoorlie, Wooroloo, etc.).

‡ Includes Government assisted hospitals, figures for which are:—1947, 1,377; 1952, 2,430.

Note.—Particulars prior to 1947 not available.

CHILD WELFARE.

As to Imprisonment for Offences.

Hon. J. T. TONKIN asked the Minister for Child Welfare:

(1) Will he table a return showing the ages, sex and terms of imprisonment of the 51 children shown in the report of the Child Welfare Department as having been imprisoned during the year 1950-51?

(2) What is the explanation for the very large increase in the number of children imprisoned last year compared with former years?

(3) What plans, if any, has he for dealing with delinquent children other than having them confined to gaol?

(4) When is it expected that these plans will be put into operation?

The MINISTER replied:

(1) Fifty-one children were not imprisoned in the year 1950-51. The figure 51 indicates the number of gaol sentences meted out to juveniles during that year and is not related to the number of individuals concerned.

The heading in the report at page 17 is "Children's Court, Perth, Charges" and the subheading is, "The charges were dealt with as follows."

There were 12 individual juveniles sent to gaol during the year 1950-51 and one of these was sent back to gaol a second time.

(2) There was not a large increase in the number of juveniles imprisoned in 1950-51 over previous years. The number was seven in the year before and the figures fluctuate slightly from year to year.

Presumably the magistrate was of opinion that the nature of the offences merited imprisonment as a punishment.

(3) In order to improve the method of dealing with juvenile male delinquents the Government is negotiating with the controlling authorities of the present Seaforth Boys' Industrial School to establish a special school there and to appoint skilled staff to train the boys in rural occupations, craft work and essential non-academic educational subjects. Agreement has already been reached in principle to this scheme and it is likely that the written agreement will be finalised in the ensuing month.

(4) It is confidently expected that the new arrangements will commence before the end of 1952.

I also have here a list of the boys in question and will be prepared to hand it to the hon. member later.

NORTH-WEST.

As to Motor Vehicle Third Party Claims.

Mr. RODOREDA asked the Minister for Local Government:

(1) On the 7th October I asked a question relative to third party insurance claims for districts north of the 26th parallel; on the 21st October I asked for similar information relative to the districts north of the Tropic of Capricorn. Seeing that the latter question excluded huge districts controlled by Carnarvon Council, Upper Gascoyne, and Gascoyne-Minilya Road Boards, and that I was given exactly the same figures in reply to each lot of questions, will he give the House the correct figures in reply to my question of the 21st October?

(2) Can he explain why incorrect replies were given?

The MINISTER replied:

- (1) (a) Number of accidents, 23.
- (b) Claims paid, £1,920.
- (c) Claims outstanding, £76.
- (d) Administration expenses, £337.
- (e) Premiums received, £4,815.

(2) Senior departmental officer misinterpreted the question.

HOUSING.

(a) As to Arranging Discussions with Officials.

Hon. A. R. G. HAWKE asked the Minister for Housing:

(1) Will he arrange for a discussion to take place between himself, the Chairman of the State Housing Commission, Mr. Gorddard, and the member for Melville, relative to the Austrian prefabricated houses and Sandwell and Wood's contract for their erection?

(2) Will he, at such discussion, permit Mr. Gorddard to answer any relevant questions submitted to him by the member for Melville?

The MINISTER replied:

(1) and (2) No. I am quite willing to arrange for the member for Melville to discuss this matter with myself and/or the Chairman of the State Housing Commission, in accordance with accepted and proper practice.

I am not prepared to place a junior officer of the Public Service in the invidious and impossible position suggested.

(b) As to Delay in Erecting War Service Homes.

Mr. YATES asked the Minister for Housing:

(1) Is he aware that, due to staff shortages at the State Housing Commission, considerable delay is being caused in erecting war service homes owing to the preliminary work associated with their erection being held up?

(2) Is he aware that as no overtime is permitted present officers find it difficult to cope with the work?

(3) Will he take steps to have the position rectified?

The MINISTER replied:

(1) Restriction on private finance has resulted in considerable increases of war service homes inquiries and applications which has resulted in an increased programme for this State. This pressure has resulted in some delay, which has been aggravated by high incidence of sickness among staff during recent weeks.

(2) Yes, and for that reason the Public Service Commissioner, at the request of the Commission, has already agreed to provide additional staff.

(3) Answered by No. (2).

(c) As to Special Audit of Commission's Contracts.

Hon. J. T. TONKIN asked the Premier:

(1) Has he, in accordance with his promise of the 2nd October, yet referred to the Auditor General the questions asked on that date regarding the contracts for the supply and erection of the Austrian prefabricated houses?

(2) Will he endeavour to have the Auditor General's answers to the questions supplied this week?

The PREMIER replied:

(1) Yes, on the 6th October, 1952.

(2) The Auditor General advises that action was immediately taken for a special investigation. Although it will not be possible for him to furnish his report in the time suggested, he states there will be no undue delay.

BROKEN HILL PTY. COY. LTD.

As to Reports on Projected Steel Industry.

Hon. A. R. G. HAWKE asked the Minister for Industrial Development:

Will he lay upon the Table today any reports, or copies of such reports, as have been obtained by the Government from appropriate officers of the Mines Department, Mr. Temby of the Department of Industrial Development, and the board of management of the charcoal-iron industry at Wundowie, in relation to the agreement made between the Government and the Broken Hill Proprietary Company Limited?

The MINISTER replied:

The details of the proposed agreement between the Government and the Broken Hill Proprietary Company were discussed at conferences with the Under Secretary for Mines and his views obtained. Mr. Dumas, as Co-ordinator of Industrial Development, carried out the negotiations with the company on behalf of the Department of Industrial Development. I also discussed the matter with the Director of Industrial Development (Mr. Temby).

The agreement itself does not affect the charcoal iron industry at Wundowie, and the Board was therefore not asked to report on it.

HARBOURS.

As to Movement of Dredges.

Mr. GUTHRIE asked the Minister for Works:

Will he please give a detailed account of the movements of the two dredges which have been working in Bunbury?

The MINISTER replied:

Suction Dredger "Governor."

This dredge arrived at Bunbury from Fremantle on the 22nd September, 1950, and has worked continuously on a single shift basis since.

Major overhaul, survey and slipping is biennial and seagoing certificate for that period of two years expired on the 13th September, 1952.

A three months' extension of the certificate has been arranged with the Harbour and Light Department—i.e., to the 13th December, 1952.

Bucket Dredger "Parmelia."

Arrived at Bunbury from Fremantle on the 3rd May, 1950. In continuous work until the 8th May, 1952, when this dredge left Bunbury for Fremantle to undergo biennial overhaul, surveys and slipping.

Overhaul was prolonged by metal workers' strike but is now complete.

FIRE BRIGADES.

As to Headquarter's Machine.

Hon. J. T. TONKIN asked the Chief Secretary:

(1) When, and where, was fire brigade appliance machine No. 27 subjected to the necessary tests for braking efficiency prior to licensing at the Police Traffic Branch for the year 1951-52?

(2) What was the nature of the tests applied, and what were the details of the results of the tests?

(3) Does machine No. 27 satisfactorily comply with Traffic Department requirements for licensing purposes?

(4) When was this machine first commissioned for service?

(5) Is the starting mechanism efficient and safe to operate?

(6) Is machine No. 27 the cause of the existing unrest amongst personnel at headquarters fire station?

(7) What action is it proposed to take to ensure the safety of the men who are obliged to operate the machine?

(8) When will this action be taken?

The CHIEF SECRETARY replied:

(1) Fire brigades appliance machine No. 27 was tested on the 29th May, 1951, at Perth, by an independent motor engineer.

(2) Tested with a Tapley decelerometer. The test revealed that the braking was satisfactory, having regard to the year of manufacture and the type of the vehicle.

(3) The vehicle was licensed by the Police Traffic Department in June of this year. A copy of the report referred to in No. (2) was supplied to the Commissioner of Police on the 27th June, 1951.

(4) 1925.

(5) Yes. An independent examination of the vehicle was made on the 23rd October, 1952, and this confirmed its efficiency.

(6) Written and verbal objections to the use of the vehicle have been received from the industrial organisation.

(7) Action has already been taken. In April, 1951, the load of the vehicle was reduced to a minimum, and the speed limit reduced to 25 miles per hour. The vehicle was placed in reserve for emergency and foam duty. The high tension wiring was renewed on the 22nd October, 1952, and an examination by an independent motor engineer was again arranged.

(8) Answered by No. (7). Provision has been made in the W.A. Fire Brigades Board 1952-53 loan estimates to replace this unit.

SEWERAGE.

As to Metropolitan Extensions.

Mr. W. HEGNEY asked the Minister for Works:

(1) In what parts of the metropolitan area are sewerage extensions being carried out at the present time?

(2) Is it proposed to begin construction of deep sewerage in Joondanna Heights within the next few months?

(3) If reply to No. (2) is in the negative, can he indicate when such a commencement is likely to be made?

(4) If not, why not?

The MINISTER replied:

(1) At the present time, sewerage extensions are being carried out at Midland Junction (Midvale) and Bayswater (vicinity Meltham station).

(2) No.

(3) No.

(4) Extension works, including the provision of sub-main sewers, would be necessary before the area could be sewered.

WAR SERVICE LAND SETTLEMENT.

As to Delay Through Staff Shortage.

Mr. YATES asked the Minister for Lands:

(1) Is he aware that considerable delay is taking place in the Lands Department concerning the subdivision of land and issue of titles in the name of the war service homes director to the detriment of eligible ex-servicemen and their families?

(2) Is he aware that the survey on Bridgetown Lot 25 adjoining Hampton-st. and Carey-st., was completed approximately 12 months ago, and that finalisation may be held up from 6 to 12 months by shortage of staff?

(3) Will he take steps to rectify the position?

The MINISTER FOR EDUCATION (for the Minister for Lands) replied:

(1) No. Surveys for the State Housing Commission are practically up to date.

(2) If the question relates to Nelson Location 25, delay occurred due to town planning authority requirements. The diagram has been drawn and the examination will be completed within a few weeks.

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

PUNISHMENT BY WHIPPING.

As to Court Sentences.

Mr. GRAHAM asked the Chief Secretary:

(1) On how many occasions have whippings been imposed by courts during the past 30 years, and on what dates?

(2) How many strokes were—

(a) imposed in each case;

(b) inflicted in each case?

(3) Were any of the whipped persons under the age of 21 years, if so, what were their ages respectively?

(4) What number of whippings were administered respectively by—

(a) prison employees;

(b) prison inmates;

(c) outside persons?

(5) What are the particulars of whippings administered for prison offences under the headings of questions Nos. (1) to (4)?

The CHIEF SECRETARY replied:

(1) Four times—two on 11/10/1929; one on 3/6/1931; one on 21/6/1943.

(2) (a) Twelve strokes in each of the first three shown under No. (1); 25 in the case of the last mentioned.

(b) Twelve strokes inflicted as ordered in the first three cases; 17 strokes inflicted in the latter case, balance of eight strokes being remitted.

(3) Yes—one 18 years of age, two aged 20 years.

(4) (a) Nil.

(b) Nil.

(c) Four.

(5) No record of whipping for prison offences for the past 30 years.

COLLIE COAL.

As to Mixing and Calorific Value.

Mr. MAY asked the Minister representing the Minister for Mines:

(1) To what extent does the mixing of open-cut with deep-mine coal at the Proprietary, Stockton and Co-operative mines lessen the calorific value of the deep-mine coal?

(2) To what extent is the ash content increased as a result of the mixing of these coals?

(3) If the answers to these questions indicate a lessening of calorific values and increased ash content, does he agree that the mixing of these coals is in the best interests of consumers in this State, particularly the W.A.G.R. and State Electricity Commission?

The MINISTER FOR HOUSING replied:

(1) and (2) The following averages have been calculated:—

Mine.	Deep Mine Coal before mixing with Open- cut Coal.	After mixing with Open- cut Coal.
Co-operative—		
Ash	8%	11.19%
Calorific value	10,015 B.T.U.	9,455 B.T.U.
Stockton—		
Ash	7.15%	9.79%
Calorific value	10,155 B.T.U.	8,774 B.T.U.
Proprietary—		
Ash	6.7%	7.42%
Calorific value	9,435 B.T.U.	9,296 B.T.U.

(3) It is agreed the mixing of coal decreases the calorific value and increases the ash content, but as the output of deep-mine coal is not at present sufficient to meet all requirements, open-cut coal must be used.

PRICES CONTROL BRANCH.

As to Postponement of Question.

Mr. W. HEGNEY (without notice) asked the Attorney General:

Earlier he asked for the postponement of the question I have on the notice paper with reference to the Prices Branch, the number of employees in the branch, and the notices of termination of employment that have been served. What was his reason for asking that the answering of the question be postponed?

The ATTORNEY GENERAL replied:

I have not the answers available for delivery to the House today. As members know, all questions addressed to me have to be answered by departmental officers who are not located in the building where my office is situated.

FORESTS.

As to Danger from Pests in Imported Timber.

Hon. A. A. M. COVERLEY (without notice) asked the Minister for Forests:

(1) Is it a fact that certain insects or pests have been discovered in timber imported for the building of prefabricated houses?

(2) If the answer is in the affirmative, is there any possible threat or danger to our forests through the introduction of those insects?

The MINISTER replied:

The hon. member was good enough to supply me with copies of his questions earlier in the day, and I am therefore able to reply to him as follows:—

(1) Yes.

(2) It is difficult to say whether there will be any danger to the forests. As soon as the infestation was notified, the C.S.I.R.O. officers at Canberra were informed and, within 48 hours, an expert

had been sent over. He has issued instructions for the fumigation of the timber, and those instructions are being carried out. It is hoped that by such means any possible threat to our forests will be overcome.

BILL—TRAFFIC ACT AMENDMENT (No. 2).

Received from the Council and, on motion by Mr. Nalder, read a first time.

BILLS (3)—RETURNED.

1. Land Agents Act Amendment.
2. Friendly Societies Act Amendment.
3. Police Act Amendment.
Without amendment.

BILL—PRICES CONTROL ACT AMENDMENT AND CONTINUANCE.

Third Reading.

THE ATTORNEY GENERAL (Hon. A. V. R. Abbott—Mt. Lawley) [4.51]: I move—

That the Bill be now read a third time.

MR. W. HEGNEY (Mt. Hawthorn) [4.52]: Before the Bill is read a third time, I would like to make one or two comments in addition to the remarks I made last week. I again voice my strongest protest at the action of the Attorney General in declining to give the House definite information in regard to a very important matter connected with price-fixing; namely, the decontrol of meat. We, the representatives of the people, were obliged to read about this in "The West Australian." We were told that the decontrol order would be included in the "Government Gazette" of last Friday afternoon, but "The West Australian" was able to publish the full details on Friday morning.

The Attorney General treats us with scant courtesy when he declines to give specific information in regard to such matters. I voice my protest and reiterate that it is very discourteous of a responsible Minister of the Government to act as the Attorney General did in this connection. In my remarks last week I forecast an increase in the basic wage, and we find an announcement in this morning's paper that there has been an increase of 6s. 3d. per week. Today I asked the Attorney General the following questions:—

(1) How many persons were employed by the Prices Branch in Western Australia when the State assumed control of price-fixing in 1948?

(2) How many were employed in the Prices Control Branch on the 15th October, 1952?

(3) How many employees—if any—have been given notice of termination of employment since the 1st October, 1952?

(4) What is the real reason for the reduction in the number employed?

Those questions were placed on the notice paper on Thursday afternoon, and this is Tuesday afternoon. The only excuse the Attorney General gave for declining to answer them was that he is not in the same building as his departmental officers. How weak and feeble is such an excuse! So far as I know, the Premier controls departments, the executive officers of which are not in the same building as that in which his office is situated, and the same principle applies to practically all other Ministers. There is nothing involved or intricate in the questions I asked. Anyone who reads them will readily agree that they would have taken about 1½ minutes to answer. What is the real reason for the Attorney General's declining to answer or side-stepping the answers to those questions? Has he anything to hide?

The Attorney General: Nothing whatever.

Mr. W. HEGNEY: Has any member of the Government anything to hide? Why were the questions not answered? I decline to accept as a reasonable excuse the one so hesitatingly advanced by the Attorney General. I submit that in its administration of this Act, the Government has applied the soft pedal. I am given to understand that a number of men have been dismissed from the Prices Control Branch during the past week or two. How many, I do not know; but I suggest that the Government, in trying to side-step pitfalls, is doing away with the department as fast as it can. In the meantime, the administration is such as to be inadequate and harmless.

The people of Western Australia, who are entitled to look for a reasonable measure of protection in the matter of fixation of prices and the consequent stabilisation of purchasing power, are not going to receive that protection. We have had no information from the Minister concerning co-operation, if any, or the understanding which takes place with regard to the fixation of the price of onions, eggs, potatoes and milk. Boards have been established under various Acts of Parliament for the marketing of those commodities. But what takes place in regard to the fixation of their prices? Do those boards have the final say or does that rest with the Prices Commissioner? We have not had any information from the Minister about those commodities; and before the Bill passes this Chamber I would like to have the facts.

Since last Thursday, I have received quite a number of communications from people in my electorate concerning the price of gas and electricity. They are very perturbed, as are people right through the metropolitan area, at the unbridled increase that has taken place. I have seen an advertisement in the paper con-

cerning electricity charges and we were told a considerable time ago that there was some formula arranged between the general manager of the State Electricity Commission and the Prices Commissioner whereby the price of gas and electricity would fluctuate with variations in the basic wage.

We are entitled in this Chamber to have full details of that formula, but we have never been able to obtain the information. So far as I know—I am open to contradiction—the general manager and the Commission act as they like in increasing charges for gas and electricity with variations in the basic wage. The people of the metropolitan area are entitled to have the fullest information in regard to these perpetual increases. It is our right to know from the Minister for Works whether the Commission could not absorb some of the increased cost due to the increase in the basic wage, but we can get no specific information from the Minister for Works or the Minister in charge of price-control in regard to the formula or any justification that might exist for these continual rises in the cost of gas and electricity. While nominally keeping a price-fixing department in existence the Government, I believe, is doing its utmost to stifle that activity which is necessary for the efficient policing of the Act.

The Attorney General: What a ridiculous statement! Why do you always have to be so political?

Mr. W. HEGNEY: I would like some indication from the Attorney General as to the attitude of the price-fixing department and the Government towards a statement made by Mr. George Gill, secretary of the Employers' Federation, when commenting on the basic wage increase which was declared by the Arbitration Court and which is about to take effect. The statement to which I refer is as follows:—

The secretary of the Employers' Federation, Mr. G. F. Gill, said yesterday that the extra wages cost would have to go on to prices except in the case of primary producing industries, where it could not be passed on.

Am I to assume that Mr. Gill knows that simply on an approach to the Prices Commissioner, prices will automatically be increased for those commodities that are still under price-control? I would like the Attorney General to give the House some information regarding that statement or else refute it, and indicate to the secretary of the Employers' Federation that prices will not be increased automatically but only in cases where an increase can be justified. I believe that the Attorney General deliberately held back the answers to my questions because they would have shown that the policy of the Government in relation

to price-fixing is such that, while maintaining what is nominally a price-fixing department and trying to show the consuming public that their interests will be catered for, it in reality will not do anything of an effective nature to protect the people.

I will conclude by quoting from a statement, in a recent issue of "The Sunday Times," by a person prominent in the community. It will show how hollow have been the guarantees and promises that members of the Government made when they said they would put purchasing power back into the pound, and improve the standard of living of the people. The statement to which I refer was made recently by Mrs. Hummerston, a prominent Liberal, after five years of Liberal government in this State. She said—

There were many matters concerning home and family life and child welfare which needed improving and a higher standard of living for all was needed. Many W.A. housewives were breaking down under the strain of ever-increasing hardships and higher prices and their conditions must be ameliorated.

That is the statement of a prominent Liberal in the metropolitan area and a supporter of the Government which has so inadequately and ineffectively administered the price-fixing legislation. I have little doubt that if members of the Liberal and Country Parties in another place pass this Bill they will do so only because they know that a Legislative Assembly election is to take place in a few months' time. In the circumstances I support the third reading.

THE ATTORNEY GENERAL (Hon. A. V. R. Abbott—Mt. Lawley—in reply)—[5.5:] It is apparent to every member in this House that the speech of the member for Mt. Hawthorn was in reality a second reading speech made purely for political reasons—a hollow speech with no substance whatever—

Hon. A. R. G. Hawke: He did not "hol-ler."

The ATTORNEY GENERAL: He did. That is all he did. The hon. member knows that prices are controlled solely by a highly-respected civil servant and that the Minister has no say whatever in price-fixing. He can neither increase nor reduce prices.

Mr. J. Hegney: Not even in the case of petrol?

The ATTORNEY GENERAL: No.

Mr. W. Hegney: But you helped to do it.

The ATTORNEY GENERAL: What rubbish! All the say lies with the Prices Commissioner, and if the hon. member had taken the trouble to read the regulation he would have known that that was so.

Hon. A. R. G. Hawke: Then the regulation is ultra vires the Act.

The ATTORNEY GENERAL: It is not.

Mr. Needham: Then for what purpose do we need a Minister for Prices?

The ATTORNEY GENERAL: I cannot understand the Leader of the Opposition advocating, as he did, the abolition of the price-control legislation. He was reported as having done so and I have not seen where he contradicted the report. A number of items were decontrolled during the year in accordance with the policy of the Government, as announced at the last election and at every other pertinent time. We have always said that when commodities were in good supply and selling on a competitive basis they would be decontrolled. This Government believes that in those circumstances decontrol will result in a better deal for the public, because where there is a fixed price there is an inclination on the part of the vendor of the commodity concerned to stabilise the price at that figure—

Mr. W. Hegney: Do you believe in the abolition of the Arbitration Court?

The ATTORNEY GENERAL: I do not believe in the pegging of wages, if that is what the hon. member means.

Hon. A. R. G. Hawke: The Attorney General believes in taking the value out of the pound.

The ATTORNEY GENERAL: I do not. I believe in being rational.

Hon. A. R. G. Hawke: Then why not be rational, sometimes?

The ATTORNEY GENERAL: Although I supported the 40-hour week and the £1 increase in the basic wage, members could not expect those advances to be made without any increase in prices. Everyone knows that a high proportion of costs generally consists of wages.

Hon. E. Nulsen: But prices go up before wages do!

The ATTORNEY GENERAL: No. That is an absolute fallacy, and everyone knows that it is. The prices did not go up in respect of the £1 per week increase until after it was granted and costs did not go up in respect of the 40-hour week until the award was made.

Mr. W. Hegney: Why has the basic wage just gone up by 6s. 3d.?

The ATTORNEY GENERAL: Of course the original £1 per week increase in the basic wage has gone, by quarterly advances, to something over £2. I do not think the Leader of the Opposition would argue that it is possible to have an increase in wages without some increase in prices, and at all events no increase in prices is granted without consideration by the Prices Commissioner. Time and time again he has made a reduction in the margin of profit allowed on various com-

modities, and I maintain that the Government has done a very good job in this respect. With regard to price-control the Minister in charge of that department in New South Wales, Mr. Finnan, said, "This is a dirty baby and no-one will get any thanks for it. Instead, everyone gets abuse. I have had my share of abuse, for political reasons." Is it thought that he has not been subject to criticism? Of course he has! The other day he said, "Now that building materials are in good supply it is my considered opinion that decontrol will arouse competition and assist in securing an increase in the supply of building materials and the building of houses." Those commodities were consequently decontrolled, and that is the policy that has been followed by this Government.

Question put and passed.

Bill read a third time and transmitted to the Council.

BILLS (3)—THIRD READING.

- 1, Mining Act Amendment (No. 2).
 - 2, Marketing of Barley Act Amendment (Continuance).
 - 3, Albany Public Cemeteries Subsidies.
- Transmitted to the Council.

BILL—CHILD WELFARE ACT AMENDMENT.

Council's Amendment.

Amendment made by the Council now considered.

In Committee.

Mr. Hill in the Chair; the Minister for Child Welfare in charge of the Bill.

The CHAIRMAN: The amendment made by the Council is as follows:—

Clause 7—Delete paragraph (c).

The MINISTER FOR CHILD WELFARE: When this Bill was previously before this Chamber it contained two provisions dealing with the maximum amount that could be ordered by the court in respect of the maintenance of any child. One of those provisions was that the maximum amount should be £2 and the other that it should be £2 10s. in the case of a ward of the State. I think the member for Kalgoorlie suggested that £2 10s. should be the figure in both cases. Recognising the force of that argument I offered no objection, and the Committee agreed to an amendment moved by the member for Kalgoorlie. There was a consequential amendment which was also agreed to but there was a further consequential amendment that we omitted to make. It was to delete what is now paragraph (c) of Clause 7 but was, when the measure was previously before this Committee, paragraph (d). I move—

That the amendment be agreed to.

Question put and passed; the Council's amendment agreed to.

Resolution reported, the report adopted and a message accordingly returned to the Council.

ANNUAL ESTIMATES, 1952-53.

Message.

Message from the Governor received and read transmitting the Annual Estimates of Revenue and Expenditure for the financial year 1952-53, and recommending appropriation.

FINANCIAL STATEMENT, 1952-53.

In Committee of Supply.

The House resolved into Committee of Supply to consider the Estimates of Revenue and Expenditure for the year ending the 30th June, 1953; Mr. Yates in the Chair.

THE PREMIER AND TREASURER

(Hon. D. R. McLarty—Murray) [5.18]: Covering the Estimates of Revenue and Expenditure for 1952-53, this Budget is the sixth that I have been privileged to present to Parliament. Since the presentation of the Estimates for last year, changes in general business and financial conditions have added substantially to the budgetary difficulties of State Treasurers. Costs have continued to rise, but incomes, particularly from exports, have tended to level off, while restriction of credit has created difficulties both for Governments and private industry. Happily these difficulties have not had adverse consequences for the community as a whole. There is no serious unemployment problem.

Mr. Styants: Not much!

The PREMIER: There is no serious unemployment problem.

Mr. Styants: About a thousand men unemployed now in this State.

The PREMIER: If the hon. member would turn his attention to Western Australia, he would find that we have a very small unemployment problem, somewhere about 800 men.

Mr. Styants: They are drawing the unemployment allowance.

The PREMIER: The number is somewhere about 800.

Mr. Styants: Yes.

The PREMIER: And that 800 men would include the class which, at the moment, finds it difficult to obtain employment. However, I am sorry the hon. member has seen fit to interrupt so early in my Budget speech. Output of basic industries is expanding, and new industrial developments are assured, which promise to open a new era for the rapid economic advancement of the State. From the financial stresses which have followed the decline of our earnings from export,

however, we must take warning that the boom built on the large volume of private and public spending of recent years has run its course, and some adjustments will be necessary in order to effect the transition to a more stable economy. To the extent that public and private budgets are based on a realistic appreciation of these facts, the transition will be smoothed and its successful accomplishment brought closer.

The nature of its expenditure—being largely in meeting certain fixed charges and in providing social services—and the restricted field of revenue available, limits the ability of a State Government to vary substantially the pattern of its budget. Within these limitations, however, a State can help to contribute to stability by seeking to achieve the closest possible balance between revenue and expenditure. I shall refer later to the main proposals directed to this end. Meanwhile, I shall deal briefly with the results of the Revenue transactions for last year.

Budget Results, 1951-52.

Compared with the anticipated deficit of £61,865 for 1951-52, the actual excess of expenditure on revenue, viz. £591,611, showed an increase of almost £530,000. Revenue exceeded the estimates by approximately £859,000, but the excess in expenditure was even greater, being £1,388,000.

Revenue.

On the revenue side, collections under each of the main headings, excluding Commonwealth payments and Trading Concerns, bettered the Estimates. In the case of taxation, collections were notably buoyant, exceeding anticipations by some £325,000. Of the increases, the largest was for probate duty, which rose £223,000 above the estimate of £462,000, the improvement resulting from general increases in valuations and from the assessment of several large estates.

Commonwealth Payments.

Commonwealth payments for 1951-52, by way of Income Tax Reimbursement and the special grant paid upon the recommendation of the Commonwealth Grants Commission, had been determined when the Estimates were presented last year. Together they amounted to £14,488,000, or to almost 43 per cent. of total revenue, being a slightly smaller proportion of total revenue than in the previous year, when we achieved a surplus of £159,000.

Territorial and Departmental.

Total territorial revenue showed little variation on the estimate, but collections of departmental revenue were £305,000 more than had been anticipated. The main variation was in Treasury revenue,

which increased £118,000, mainly on account of additional interest collections and various miscellaneous items generally matched by corresponding contra items on the expenditure side.

Public Utility Earnings.

Public Utility earnings bettered the estimates by £186,000 to return £12,167,000. Had the railways operated under normal conditions throughout the year, the improvement would have been substantially greater. As it was, this undertaking was able to earn some £16,000 more than its estimated revenue, despite the metal trades dispute. Tramways collections, reflecting increased fares, rose £117,000 above the estimate, and another noteworthy increase was that of the Fremantle Harbour Trust, which paid to Revenue £43,000 more than had been anticipated.

Expenditure.

Exceeding the estimate by £1,388,000, total expenditure for 1951-52 rose to £34,547,000. The variation was due partly to the heavy cost of basic wage adjustments made during the year. In dealing with the details of the departments' expenditures, it has to be realised that a strict comparison of estimate and actual expenditure is not possible. Provision for basic wage adjustments was made not in the individual estimates of the departments, but in a special item under the Vote "Treasury—Miscellaneous Expenditure."

Any expenditure arising from increases in rates, however, is met not from this Vote, which is not operated upon, but from the Votes of the departments concerned, which are based on the rates of wages and salaries operating at the beginning of the year concerned. In the Estimates, an amount of £1,250,000 was provided to meet the cost of such adjustments. With progressive lifts in the basic wage rate from £9 4s. 3d. at the beginning of the year to £11 3s. 10d. at the end of April last, the actual cost of these variations during their period of operation is estimated to have amounted to some £300,000 more than the provision made in the Budget.

Public Utilities.

For Public Utilities, the estimated expenditure of £12,610,000 fell short of actual requirements by £1,135,000. Most of this variation was attributable to an increase in railway expenditure amounting to £885,000. Apart from the cost of basic wage adjustments, the main factors responsible for the rise were increased costs of materials, award variations, and expansion of establishment to handle the additional traffic that was being carried prior to the metal trades strike. Expenditure on wages, that might have been saved by standing down men during the curtailment of services brought about by

the strike, had to be met because most of the men affected were entitled to, and were granted, leave.

The only other noteworthy increase under Public Utilities was in Tramways, where expenditure was £100,000 in excess of the estimate. Factors in the increase included additional costs of electric current and stores, and the payment of Transport Board fees on behalf of the Tramways Road Services.

Governmental.

The total amount voted last year for expenditure on governmental services was £13,156,000 or £1,517,000 less than actual expenditure, which, of course, included the cost of increases in the basic wage. As I have already explained, provision for basic wage adjustments was made under Treasury Miscellaneous Expenditure and not in the individual departments. Of the variations on the Estimates, the most important was in Education, where actual expenditure exceeded the Vote by £469,000. This rise included the cost of increases in teachers' salaries awarded by the Appeal Board, and increased costs in connection with bus contracts and the purchase of equipment.

Treasury expenditure for Miscellaneous Services was £377,000 greater than the estimate, excluding special basic wage provision. Most of this increase represented additional payments to the Hospital Fund, which absorbed £309,000 more than the amount anticipated. Of recent years, a progressively increasing proportion of the total expenditure provided for in the Budget has been required to finance hospital services, but some relief is now being provided through the new Commonwealth Hospital Scheme.

Other Departments.

In the other departments, the main variations occurred under Public Works, Police, Medical and Health. The increases under these and other headings reflect, in the main, the general increase in costs during the year. Public Works expenditure exceeded the estimate by £161,000, the increase being partly attributable to additional expenditure on harbour and other maintenance work. An increase of £97,000 in the anticipated expenditure of the Police Department included the cost of some additional expansion in the strength of the force. In total, expenditure on Medical and Health services (including homes for the aged and mental hospitals) rose £146,000 on the estimate reflecting, in the main, general increases in the cost of these services.

Special Acts.

The estimated total expenditure of £6,142,000 was some £14,000 greater than actual disbursements. Requirements for

interest and sinking fund payments, which had been expected to absorb £4,933,000, were £62,000 less than the estimate. There were some unanticipated savings on conversion while the late raising of new loan money meant a saving in interest payments during the initial year of their currency, because our loan requirements were met temporarily by advances from the Commonwealth Government, which carried a lower rate of interest than the public loans floated later. Partially offsetting these decreases, increased expenditure was incurred under "Other Statutes," mainly on behalf of various pensions and payments to the Reforestation Fund.

Review of Commonwealth-State Financial Relations.

In presenting the Budget last year, I referred to the need for a comprehensive review of the provisions of the Commonwealth Constitution governing Commonwealth-State financial relations. At the time, I expressed the hope that this important question would not be pushed into the background because of the pre-occupation of Governments with financial problems of immediate urgency. The necessity for an early review has undoubtedly been increased rather than lessened as a result of the statement dealing with uniform taxation and restoration of State taxing powers, which was made by the Prime Minister at the conference of Premiers in July last. Mr. Menzies referred to the Commonwealth Government's stated belief "that the present position is entirely unsatisfactory" and that it "should do its best to resolve it."

Taxing Powers of State.

Dealing with the annual discussions on income tax reimbursements, Mr. Menzies said:

Nothing is more unsatisfactory than for us to be sitting here in judgment on matters about which the State Governments know far more than we do. That is the business of State Governments controlled by State Parliaments, and the result of the present system, which I shall assume was entirely necessary during the war when taxes were extremely high, is that the States think of a figure and then we think of a figure.

I believe, and my Government believes, that if we are to have a federal system, we ought to bend our attention at once to the problem of restoring to the States control over their own tax revenue.

I tell all the States here represented that the Commonwealth Government is abundantly and promptly willing to discuss with them the return to the States of their taxing power.

Following discussion of the Prime Minister's statement, it was agreed that Commonwealth and State Treasury officers should confer to work out the technical problems involved for consideration of the respective Governments when they meet to determine their policy in the matter. Preparation of the necessary material is in hand, and should be completed, I understand, in time to permit its consideration at an early date.

Uniform Taxation.

Undoubtedly, adoption of uniform taxation and its associated system of tax reimbursements has concentrated financial power in the Commonwealth. Uniform tax, however, may be more properly regarded as the culmination of a previous trend than as a prime cause of the present unsatisfactory system of Commonwealth and State financial relations, and its abandonment would in no way guarantee to each Government independent sources of income fully adequate for its needs. Thus total revenue requirements of Governments and of the Commonwealth in particular, are substantially greater to-day than before the war and have reached a level where they tend to approach the safe limits of taxable capacity.

If, in this situation, the States were obliged to engage in a scramble to secure their tax requirements from the limited resources available after the Commonwealth Government had taken the first cut, the consequences could be more disadvantageous to the States than the present system. The annual wrangle which now takes place between the Commonwealth and the States regarding the amount of reimbursement grant to be paid could still occur. The only difference would be that the wrangle would relate to the size of the income tax field which the Commonwealth was prepared to vacate in favour of the States.

I believe, therefore, that the improvement of financial relations will obviously require adjustments and reforms of a much more fundamental nature than a simple restoration of income tax powers to the States, which would give the States the form but not necessarily the substance of financial sovereignty. On many occasions in the past I have expressed the view that the matter is one which should be dealt with, by a convention following a comprehensive inquiry by an expert Royal Commission.

General Economic and Financial Conditions.

Since 1950-51, financial and economic developments have necessarily reflected some adjustments to the changes brought about by the subsidence of the boom in export returns and the measures introduced by the Commonwealth Government to check inflation. Marking a return to

less abnormal conditions than prevailed in 1950-51, there have been minor changes in the distribution and level of employment and some scaling down of expansion plans to a more realistic basis. In some cases these adjustments have created temporary difficulties, further increased by the effects of the metal trades strike, but they have not been such as to affect the solid progress which continues to be made in the development of the State.

Averaged over the whole year, employment in 1951-52 was greater than in 1950-51, and there were increases in output of basic industries, including coal, timber and building materials generally. It is true that, compared with the corresponding month in 1951-52, latest available figures of employment for the current year for August show some decline in factory employment and total employment—excluding rural and domestic workers—but this is a transitory variation which may be partly ascribable to the effects of the metal trades strike. With the lessening of uncertainties about future business conditions, the level of employment may be expected to increase, while projected developments in connection with the Kwinana Refinery will undoubtedly tend to strain available resources of manpower.

Rural Industry.

Although rural producers operated under less favourable conditions for output and income than in the previous year, they nonetheless achieved satisfactory results. The harvest of cereal crops during 1951-52 was less than in the previous season, when bumper average yields were stripped, but acreages were well maintained, some 3,094,000 acres in wheat being harvested for a yield of 40,000,000 bushels, compared with 3,185,000 acres for 49,900,000 bushels in the 1950-51 season. For the current season, any estimate of the wheat harvest made at this juncture must necessarily be subject to a large margin of error. Available information suggests a yield of from 30,000,000 to 33,000,000 bushels, from about 3 million acres sown to grain. Figures of the wool clip for the current season are not yet available, but will be less than the output of last year. In the pastoral areas, seasonal conditions have been less patchy than in the previous year, except in the Kimberleys which is experiencing probably the worst season in its history. Butter and cheese output for the year ended June last showed some decline, and current output also reflects the severe effect on stock of the long dry summer.

Building Operations.

In the building industry the level of activity was even greater than in the previous record year. With an expanded

labour force, builders commenced construction to the value of £18,700,000 and completed work to the value of £14,400,000, these figures representing increases of 32 per cent. and 61 per cent. on the respective values for 1950-51. Houses completed numbered 6,577 or 1,417 more than in the previous year, while the 7,730 houses commenced represented an advance of 760 on the figures for 1950-51. There were also substantial increases in the construction of other types of buildings.

Building Materials.

Building construction progress was matched by the increased output of material supplies. Monthly brick production has reached a level about 80 per cent. above that of pre-war, while corresponding increases for tiles, fibrous plaster sheets and asbestos sheets range from about 150 per cent to some 600 per cent. Output of sawn timber continues to improve, approximately 14,980,000 cubic feet being produced last year, compared with 12,990,000 cubic feet in 1950-51, and the improvement is being maintained in the current year.

Mining.

Although the present price of gold provides little encouragement to lower grade producers, the total amount of gold won in 1951-52 represented an improvement of 27,000 fine ozs. on the output of the previous year. Figures for the first few months of the current year show that the improvement is being maintained. Several companies are engaged in deep drilling exploration, which should prove of considerable ultimate value to the industry. More immediate expansion will result when the new Bullfinch mine, already employing some 200 men, commences production at the end of the year.

Since November last, producers have benefited from the premium on sales of gold on the open dollar market, the net returns to the period ended April, having ranged from 12s. 10d. to £1 8s. 5d. per fine oz. Despite these favourable features, the industry as a whole is feeling the adverse effects of rising costs, for which the best solution appears to be an increase in the international price for gold.

Coal output for 1951-52 rose to 880,000 tons, or 45,000 tons more than for the previous year. Production since July has been affected by reduced railway demands, consequent upon the metal trades strike, but developmental work proceeding will enable further expansion of output when conditions return to normal.

Notable amongst other mining developments has been increased production of asbestos and lead, the commencement of regular shipments of iron-ore from Cockatoo Island, and the intensification of oil search operations in the North-West Cape area.

Estimates for 1952-53.

In estimating revenue and expenditure at £37,800,000 and £38,241,000 respectively, I have been obliged this year to budget for a deficit of £440,940. As members are aware, however, the Budget results of this and other claimant States, and indeed of the non-claimant States as well, have to be interpreted against the background of the present scheme of Commonwealth-State financial relations under which substantial payments by the Commonwealth play such an important role in determining those results. In the case of the claimant States, Commonwealth payments are, of course, of even greater importance in the formation of Budgets than in the other States, because of special grants received on the recommendation of the Grants Commission to provide for marginal requirements.

Special Grant.

The Grants Commission, as members know, bases its recommendations on the doctrine that special assistance is justified "when a State, through financial stress, is unable efficiently to discharge its functions as a member of the federation, and should be determined by the amount of help found necessary to make it possible for that State, by reasonable effort, to function at a standard not appreciably below that of other States." In giving effect to this doctrine, the Commission, in consultation with Commonwealth and State representatives, has developed a method of payment whereunder the published estimated Budget expectations of a claimant State for any specific year take on a purely preliminary character.

Such results are in no sense to be regarded as final, because, under the Commission's procedure, they are subject to adjustments two years later when the Commission has completed its detailed examination of the audited accounts showing the actual results for the year. Let me recall that, although the State incurred published deficits in each of the years 1946-47 to 1948-49, including an amount of £817,000 in the last-mentioned year, each of these deficiencies has been subsequently extinguished through payments made available for that purpose on the recommendation of the Commission.

The Commission, it will be remembered, divides into two parts the total grant payable to a claimant State, namely, (1) a "first part" grant, representing an adjustment to an "advance" payment or "second part" grant made two years previously; and (2) a "second part" grant for the purpose of meeting current Budget requirements of the year of payment, which is subject to adjustment two years after payment. As evidenced by the fact that the Commission subsequently recouped the deficits I have referred to, it is evident that they arose, not through any

relaxation of our Budget standards, but through the difficulty of assessing appropriate Commonwealth assistance in advance of requirements.

A similar position arises this year. The current advance payment made by the Commission is based on preliminary estimates of revenue and expenditure prepared some months ago. In the light of these estimates, the Commission has assessed the total financial assistance justified by the circumstances, having regard to the need to provide a reasonable "margin of safety," in case of over-estimation of the requirements indicated by the preliminary estimates. In addition to providing for the usual margin of safety, the Commission has been obliged this year to take account of the fact that in 1950-51 the State achieved a surplus of £159,000.

Having reviewed the final audited figures, the Commission has concluded that the advance payment for 1950-51 was in excess of actual requirements to the extent of the published Budget surplus. Provision for the adjustment of this overpayment is incorporated in the net grant for this year, which is £8,041,000. However, the revenue surplus for 1950-51, arising from the overpayment of special assistance in that year, is included as revenue for this year, so that the total sum available to us through the recommendations of the Commission is £8,200,000. In due course, when final audited figures of the Budget results for 1952-53 have been reviewed by the Commission, it will recommend a final settlement on account of the Budget results of the year.

The Commission, in its latest report, includes the results of its investigations in respect of 1950-51, relating to scale of social services, severity of taxation, effects on Budgets of the financial results of State undertakings, and to any expenditure of an abnormal nature. It is of interest to note that, in its latest report, the Commission estimates that the scale of social services expenditure in this State is significantly higher than in the non-claimant States even after making substantial allowance for the relative difficulty of providing such services because of our scattered population and its low density. As an offset to this, the Commission made favourable adjustments on our behalf on account of severity of taxation and charges for services provided by State undertakings.

Reviewing Miscellaneous State Expenditure, the Commission made no adjustments on account of abnormal items, but it provides a reminder to the claimant States that its 18th report discusses certain expenditures on unusual items which could conceivably be disallowed if forming part of claims for special grants. Members will recall that the subsidy on the road cartage of super was one of the items specifically mentioned in this connection.

Income Tax Reimbursement, £10,800,000.

This year the Commonwealth Government is making available to the States as Income Tax Reimbursement a total grant of £135,900,000, of which our share will amount to £10,800,000 or £1,400,000 more than the corresponding payment for 1951-52. The calculation of the amount due as Income Tax Reimbursement is based on a somewhat complicated formula. The total sum due to the States under this formula is £108,800,000, but this was augmented by a special grant from the Commonwealth Government of £27,100,000.

Of this special grant, an amount of £26,200,000 was distributed according to the tax reimbursement formula, a sum of £2,100,000 accruing to us in this way as a supplement to our formula grant of £8,700,000. The balance of the additional payment, namely, £900,000 was distributed on a basis giving special consideration to Victoria and Tasmania, which States are somewhat penalised under current distribution formula.

The present formula, the basis of which I have explained in previous Financial Statements, has not proved satisfactory in operation. This is evidenced by the fact that, in each year since 1946, it has been found necessary either to amend the formula, or to supplement the amounts calculated thereunder with special additional payments. In these circumstances, the satisfaction of the legitimate requirements of the States has been at the discretion of the Commonwealth, with the result that there has been much criticism of the uniform tax scheme as such, which, more logically, should be directed at the tax reimbursement arrangements. In the light of the changes that may occur in the financial resources and responsibilities of State and Commonwealth Governments, I fully appreciate that no formula could be adhered to with rigidity over an extended period.

At the same time, however, I believe that it would be practicable to devise a formula which would avoid the difficult and sometimes acrimonious financial discussions that have developed under the present arrangements. Provided that the basis of a revised formula were agreed to be equitable by the Governments concerned, and only altered to take account of major changes, I feel that financial responsibility would be fostered and a reasonable assurance provided that Commonwealth and State Governments would formulate their annual Budgets with due regard to their respective claims on available revenue.

Revenue Gap.

The estimated amount of revenue to be collected this year—after deducting the amount of the special grant and the income tax reimbursement payment—is £18,800,000. This is a reduction of £667,000

on the comparable revenue collections for last year. Expenditure is estimated at £38,241,000 or £3,694,000 more than was spent last year. The gap between our estimated expenditure and the revenue we hope to raise by our own efforts is therefore, £19,441,000. The similar gap for 1951-52 was £15,080,000—a difference between the two years of £4,362,000.

Main elements contributing to this state of affairs are the reduced revenue earning capacity of the railways resulting from the metal trades strike, increased costs arising from prospective adjustments of the basic wage, as well as from the full impact of wage adjustments made last year, and the increased cost of servicing the public debt. The increase in the income tax reimbursement payment, however, is £1,400,000, and it may be claimed that if we had control of our own income tax, we would have raised, by our own efforts, an amount equal to this payment. On this assumption, the increase in the gap is reduced to £2,962,000.

Changes in Anticipated Revenue.

I have budgeted for increases in the respective total revenues from taxation, territorial, departmental and public utility sources, other than railways, but the expected increases from these sources are insufficient to offset the very considerable decline in anticipated railway earnings.

Railways.

On the basis of normal operating conditions, the Railways estimate that earnings for 1952-53 would be approximately £10 millions or some £800,000 more than actual revenue for 1951-52. Because of the serious effects of the strike, however, locomotive power will not be restored to normal strength until early in 1953, and, in the result, earning capacity will be severely reduced.

The Estimates provide for Railways revenue of £7,750,000, which figure is £2,250,000 less than the normal expectation for 1952-53, and £1,466,000 less than actual earnings of last year. With collections at this level, the deficit on working expenses for the current year is estimated at £3,623,000 on the basis of wage rates operating at the beginning of the year. This figure is almost twice as great as the actual deficiency for last year. Even if the current operations of the railways were not affected by the strike, however, their prospective financial results would obviously show a serious retrogression on last year.

The facts are that since the major adjustment of freights and fares in May, 1951, the net improvement has been steadily eaten away by increasing costs. Unless arrested, a continued financial drift in a State undertaking of the magnitude of the railways could ultimately im-

pose an impossible burden on the Budget. At this juncture, however, the Government believes that it would be inappropriate to load railway users with any substantial additional costs beyond those already gazetted in connection with suburban passenger services.

A consideration which has influenced the Government in its decision is the present inability of the railways to supply an adequate service to rail users. The Government has also had regard to the impact of railway charges on costs generally. At a time when the stabilising of costs has become a matter of paramount importance, the Government has been loath to take any action that could only have the effect of further increasing prices.

Other Public Utilities.

Public Utilities, other than railways, are expected to earn £3,188,000 or £237,000 more than in 1951-52. The tramways a major contributor to this increase, are estimated to yield £1,060,000, thereby bettering the collections of last year by £143,000. This improvement reflects the effects of increased fares. Other significant increases in utility earnings are anticipated in State Abattoirs, and Metropolitan Water Supply and Sewerage respectively. Revenue from abattoirs, estimated at £227,000 shows a rise of £48,000 on the collections of 1951-52, based on increased slaughtering charges.

In Metropolitan Water Supply, there is an estimated improvement of £65,000, derivable from increased revenue from new buildings, water main and sewerage extensions, valuation reviews and higher minimum rates for water, sewerage and drainage. Some decline in collections is anticipated from the Fremantle Harbour Trust as a reflection of reduced port activity, and from the State Batteries which have been experiencing difficulty in securing suitable labour for their cyanide plants.

Taxation.

Compared with last year when collections amounted to £2,316,000, the estimated yield of taxation—excluding tax reimbursement—shows a small rise of £56,000. In reviewing its revenue proposals for the current year, the Government has been obliged to recognise that there is a very limited field in which the State can use self-help without prejudicial consequences. In the light of its examination, however, the Government believes that there are certain fields of taxation where increased levies are justified having regard to all the circumstances.

I refer in this connection to the taxation of bookmakers' transactions and the sale of liquor. In each case, the severity of the levies imposed in this State is substantially lower than the standard of

the non-claimant and of other claimant States. Keeping in view the need for the State to make the most of its opportunities to relieve its financial difficulties, it has been decided to increase liquor licenses and to impose a tax on winning bets with bookmakers. Failing as they will on non-essential expenditure, these increases will in no way affect costs.

Hon. J. B. Sleeman: How can you put a tax on them when it is illegal to bet?

Liquor Licenses.

The PREMIER: Liquor licenses are at present levied at the rate of 6 per cent. on the value of purchases, excluding excise. Clubs are levied at a rate of 5 per cent. Compared with other States, where levies are generally made on the value of purchases, inclusive of excise, the relative severity of liquor taxation in this State has tended to relax of recent years as evidenced by the increased unfavourable adjustments made on this account by the Commonwealth Grants Commission. With a view to improving liquor license collections and to simplifying the method of assessing the license fee, it is proposed to amend the Act to include excise, and to reduce the percentage rate. Reflecting this proposal, anticipated collections for the current year are expected to show an improvement of £29,000 on the amount yielded by liquor licenses in 1951-52, namely, £216,000.

Stamp Duty.

Under stamp duty, I have budgeted for a total revenue of £1,030,000 which figure is £76,000 greater than the amount yielded last year. Most of this increase in anticipated revenue is expected to accrue from proposals for a tax on winning bets wagered with bookmakers, operating at race and trotting meetings.

Hon. J. B. Sleeman: Why do you not prosecute them for betting?

The PREMIER: Such a tax has not operated previously in this State, though similar levies are operating satisfactorily in Victoria and South Australia, and there is a betting turnover tax in New South Wales and Tasmania. The new tax will be levied at the source at the rate of 2½ per cent. on winning bets of 10s. and upwards. Yield for a full year is estimated at £250,000 and for the purpose of the Budget, £130,000 has been included as revenue for 1952-53. Of the gross tax collected 20 per cent. will be retained by the clubs because of the obligation that will be placed on them to collect the tax.

Mr. May: You will have the punters going on strike.

The PREMIER: A Bill to authorise the tax will be submitted soon, when full particulars of the proposal will be explained.

Hon. J. T. Tonkin: You will have to hurry up.

Other Taxation.

The PREMIER: The only other notable variations in anticipated taxation revenue are in probate and land tax. Probate collections are expected to decline £85,000 on the abnormally high returns of last year, but land tax should show an improvement of about £28,000 due to the progress of revaluation.

Territorial.

In Territorial revenue there is an estimated net gain of £64,000 compared with the previous year. A small decrease is expected in Lands Department collections, but timber revenue, reflecting increased royalty rates and expanding activity, should advance £71,000.

Departmental, etc.

Estimated in total at £4,136,000, collections by the departments, law courts and Royal Mint, show a rise of £422,000 on corresponding actual revenue for last year.

Sitting suspended from 6.15 to 7.30 p.m.

The PREMIER: Almost half the total net variation represents an estimated increase in collections of the Public Health Department which are expected to rise by £212,000. The bulk of this rise represents an increase in the recoup paid by the Commonwealth on behalf of tuberculosis services. Expected collections for the current year include not only the recoup in respect of 1951-52, but, in addition, recoups covering the first three-quarters of the current year. Other major variations are increases in Forests, £111,000; Public Works Revenue, £96,000; and Police, £49,000.

The Forests Department is expected to secure greater revenue from pine conservation and firewood sales, while in Public Works revenue, provision is made for substantially increased collections from bulldozer land clearing. In Police revenue the estimated advance is partly due to normal increases in miscellaneous reimbursements, but provision has been made for additional collections from motor drivers' licenses.

Motor Drivers' Licenses.

At the present rate of 5s. per annum charged for motor drivers' licenses, motorists today secure their driving licenses at a substantially reduced real cost compared with less recent years, when prices and incomes were substantially lower. It is considered reasonable that the rate should now be varied in order to place it more in line with other charges, which have been adjusted in the light of changes in the value of money. To this end, it is

proposed to increase the charge from 5s. to 10s. per annum. For a full year's operation, the increase would yield approximately £37,000. The increased revenue accruing from the adjustment this year will, of course, be substantially less.

Other Departments.

Revenue variations in other departments are of a relatively minor character, the more important being declines of £31,000 and £23,000 in the collections of the Treasury and Department of Industrial Development respectively. The last-mentioned decrease is attributable to the cessation of activity at the plaster production lease at Lake Chandler. In Treasury revenue, the reduction is more than accounted for by a decrease in the Government workers' compensation surplus recouped by the State Insurance Office.

Expenditure—£38,241,000.

In budgeting for an increase of £3,694,000 on the expenditure of last year, I have been obliged to make substantial allowance for the cost of basic wage increases. Thus, included in the expected total expenditure of £38,241,000, is the additional cost for a full year of the basic wage increases that operated for part only of 1951-52, estimated to amount to about £1,000,000 in the aggregate. In addition to this, I have been obliged to make further provision to the amount of £1,000,000 to meet the cost of basic wage adjustments during the current year, including of course, the increase granted in July last.

Increases under Special Acts—mainly in connection with the servicing of the public debt—are another major element in the increase absorbing £578,000 more than last year. The balance of the overall increase—namely, about £1,000,000—provides in the main for increases in the cost of materials, secondary wages, and the normal expansion of activities to meet the needs of a growing population.

Special Provision for Basic Wage Adjustments.

Of the total amount of £1,000,000 provided to meet the cost of actual and prospective basic wage adjustments during the current year, £744,000 appears as a separate item under the heading "Treasury Miscellaneous Services," and not in the Estimates of the departments concerned. The balance, however, namely, £256,000, is included in the estimate of Railways' expenditure.

Representing the cost to that department in the current year of the July adjustment, this amount has been treated in the manner indicated instead of in the usual way, because the Railways' Estimates were based on costs operating after the first basic wage adjustment of the current year and not on costs operating at the beginning of the year, as in the

case of the other departments. In this connection, I would remind members that the anticipated expenditures of the individual departments, as shown in the printed Estimates, are under-stated to the extent of the relevant provision for basic wage adjustments made under the special Treasury item.

Public Utilities.

For Public Utilities as a whole, the total proposed vote is £14,735,000, representing a net increase of £990,000 on actual expenditure for last year.

Railways.

Compared with last year, anticipated expenditure at £11,629,000 is expected to rise by £586,000 without allowing for the effect of any increases in costs, subsequent to the July basic wage increase. For the major part of the year, the service will be operating at less than normal capacity, but despite this, the savings possible in operating expenses are of minor consequence only, since the staffing of a railway is not such as to be readily variable for short term changes in the volume of traffic.

As well as providing for cost increases, the Estimates contain additional provision for the depreciation of railway assets, which are increasing in value as the rehabilitation programme proceeds. Expenditure to the amount of £170,000 is anticipated in connection with the labour cost of re-sleepering and of effecting spot-replacements of rails, fastenings and crossings. Prior to 1950-51, the total cost of such re-sleepering and renewals was chargeable to Revenue as a normal maintenance cost.

Following transfer of portion of the loan liability of the railways to a "dead capital" account, it was decided that in future such costs should be charged to the Loan Fund, while provision was to be made for charging the Revenue Fund with an appropriate amount for the depreciation of track. The Commission has subsequently submitted that, while the depreciation provision covers the amortisation of materials in the track, this is not the case with respect to the labour cost of the track gangs responsible for effecting such renewals. In view of this, it has been agreed that this labour cost might legitimately be charged against Revenue. A case will be submitted to the Grants Commission in connection with this proposed charge.

Variations in Expected Expenditure of Other Utilities.

Of the variations in expected expenditure of the other utilities, the largest is in Tramways, where the rise is estimated at £157,000. Other notable increases are in Metropolitan Water Supply, £107,000;

Country Areas Water Supply Schemes, £76,000; and Other Hydraulic Undertakings, £73,000.

Special factors in the Tramways variation are increased Transport Board fees and provision for depreciation and anticipated savings in costs through the further extension of one-man bus operations.

Proposed expenditure by the Metropolitan Water Supply Department includes provision for the reconditioning of the hills trunk water main to the city, the reconditioning on the main sewer, and sewer gas investigations. In connection with the Country Areas Water Supply Scheme, an important factor in the anticipated rise is the higher cost of firewood used at pumping stations.

State Batteries.

Under this heading, estimated expenditure shows a decrease of £35,000, the variation being due to an anticipated decline in the tonnage to be handled.

Governmental—£16,799,000.

Excluding the special provision of £744,000 for basic wage adjustments, governmental expenditure is anticipated to show a rise of £1,382,000 compared with last year. Of this increase the greater proportion is on behalf of the various State social services.

Education.

Amounting to £4,102,000, the anticipated requirement of the Education Department is £471,000 greater than the actual expenditure of last year. Factors contributing to the increase include increased numbers of students at the Teachers' College, increased staff at primary schools, increased rates for an expansion of driving contracts, and the additional cost for a full year of the bursary system introduced last January.

Other Social Service Departments.

Expenditure of the Child Welfare Department is estimated to rise by £39,000, largely as a result of increased payments for the maintenance of children, including migrant wards and for outdoor relief.

Public Health Services.

The provision for public health and related medical and mental hospitals services, together absorb £233,000 more than the corresponding actual expenditure last year. Under Medical and Homes respectively, I have provided for an increase of £10,000 in the subsidy to the Red Cross Blood Transfusion Service, and for additional expenditure on account of the opening of a branch of the Mt. Henry Women's Home at No. 1, Havelock-st.

Public Health.

The proposed Vote for Public Health which shows an increase of £132,000 on actual expenditure for last year, provides for additional activity in the control of Argentine ants, additional staff for the Wooroloo Sanatorium, and for payment of fees to metropolitan public hospitals in connection with T.B. in-patients.

Police.

Anticipated requirements of the Police Department exceed the expenditure for last year by £121,000. The variation is due mainly to increases in pay and allowances and the enlargement of the strength of the Force.

Miscellaneous Services.

Excluding the special item for basic wage adjustments, anticipated expenditure by the Treasury on Miscellaneous Services shows a decrease of £111,000 on comparable expenditure for last year. One of the main factors responsible for the decline is the elimination of the subsidy on the road transport of super, on which gross payments last year amounted to £127,000. Another important variation under Miscellaneous Services is the estimated decrease of £130,000 in the grant to the Hospital Fund, which is expected to amount to £1,871,000, compared with £2,001,000 in 1951-52. This reduction in the requirements of the fund is due to the operation of the new system of charging fees to patients under the Commonwealth Hospital Benefits Scheme. The estimated revenue from fees is £619,000.

Other Departments.

Major variations in the Estimates of the other departments are increases of £260,000 and £110,000 in the expenditure of the Public Works and Agricultural Departments respectively.

Under the heading of "Public Works," provision has been made for increased expenditure on revenue-producing works, notably bulldozer land clearing, and on watering points on Kimberley cattle stations, as well as for increased expenditure on maintenance works generally.

Proposed expenditure by the Agricultural Department includes provision for additional professional, technical and advisory staff, and increased activities at research stations, notably at Gascoyne, Abydos and Ord River.

Special Acts.

Anticipated expenditure under Special Acts, amounting to £6,707,000, represents a rise of £578,000 on the actual expenditure for 1951-52. Of the increase, the sum of £481,000 is for additional interest and sinking fund payments, which are expected to total £5,352,000 during the current year.

Reflecting the expansion of our loan programme for the development of State resources, the cost of servicing the public debt has shown steady growth in recent years. To meet the requirements of other Special Acts, I have budgeted for an expenditure of £1,355,000, which amount is £97,000 greater than the corresponding actual expenditure of last year.

The main variations anticipated are increased payments of superannuation and family benefits, and increased payments to the Reforestation Fund due to prospective increases in forestry revenue.

Conclusion.

That concludes my review of the Estimates for this year. I have endeavoured not to weary members by reference to many figures, at the same time giving a clear picture of our financial position. Any explanations regarding the activities of the departments can be obtained by members when the Ministers are introducing their respective Estimates.

This year will be a difficult one, but the prospects for the future are very bright indeed. There is reason to hope that the inflationary trend is lessening, opening up the way to a more stable economy. Large scale new industrial projects are in hand, offering possibilities of additional and more varied types of employment for our people. Markets overseas for our products are assured and are likely to remain so for many years. Steps taken by the Government to assist land settlement are bearing fruit.

Mr. Hoar: What sort of fruit?

Mr. Graham: Raspberries!

The PREMIER: The hon. member represents an agricultural constituency, and he should know.

Mr. Griffith: Of course, he knows. The trouble is, it is sour grapes to him.

The PREMIER: These will provide increasing facilities for those who wish to engage in primary production. Granted favourable seasons, freedom from industrial troubles, coupled with the determination of our people to overcome temporary difficulties as they arise, we in Western Australia can look forward with confidence to an era of great prosperity and marked national development.

I know of no country in the British Commonwealth of Nations that offers greater prospects of success to men and women who are prepared to work, than does this State. It will always be the aim of this Government to assist to the utmost those who, by their initiative and enterprise, are prepared to endeavour to establish themselves successfully here.

Mr. Graham: You have not got much longer.

The PREMIER: I do not quite know what the hon. member's interjection means. I assume he means that the session is drawing to a close.

Mr. Graham: I referred to the life of the present Government.

The PREMIER: The hon. member's forecasts have been wrong so often that I do not regard them very seriously.

Hon. A. R. G. Hawke: He was pretty right regarding the Flinders by-election.

Hon. J. B. Sleeman: And we have been pretty right in what we have been saying.

The PREMIER: Opposition members have been saying things for six years, and they have been mostly wrong.

Hon. J. B. Sleeman: That is not so.

The PREMIER: Of course it is, but it is useless discussing that phase at this stage.

Hon. A. R. G. Hawke: You are putting a tax on winning bets, so why bet on a winner?

The PREMIER: The hon. member perhaps has some winning bets, but I do not think this tax will make much difference to him.

Hon. A. R. G. Hawke: No, not to me.

The PREMIER: In conclusion I wish to express the thanks of the Government to its employees for their loyal and willing co-operation; also to the employers and workers in industry and commerce for their work during the year. Last year's industrial relations were marred by the metal trades strike, which had severe adverse effects on many workers who were not involved in the dispute. I hope this year will see us free of any such disturbances. I move the first division of the Estimates, namely—

Vote—Legislative Council, £5,702.

Progress reported.

BILL—BROKEN HILL PROPRIETARY STEEL INDUSTRY AGREEMENT.

Second Reading.

Debate resumed from the 21st October.

HON. A. R. G. HAWKE (Northam) [7.55]: This Bill and the agreement attached to it, which the Bill proposes to ratify, form together a set of proposals that deserves wholeheartedly to be condemned by every member of this House. Before proceeding further, I want to draw the attention of members to the question I asked the Minister for Industrial Development today, and his reply. The question was—

Will he lay upon the Table today any reports, or copies of such reports, as have been obtained by the Government from appropriate officers of the Mines Department, Mr. Temby, of the Department of Industrial Develop-

ment, and the board of management of the charcoal-iron industry at Wundowie, in relation to the agreement made between the Government and the Broken Hill Pty. Coy. Ltd.?

The Minister's reply reads—

The details of the proposed agreement between the Government and the Broken Hill Pty. Coy. were discussed at conferences with the Under Secretary for Mines and his views obtained. Mr. Dumas, the Co-ordinator of Industrial Development, carried out the negotiations with the company on behalf of the Department of Industrial Development. I also discussed the matter with the Director of Industrial Development, Mr. Temby. The agreement itself does not affect the charcoal-iron industry at Wundowie, and the board was, therefore, not asked to report upon it.

From the Minister's reply it is clearly seen that most of the technical officers employed by, or available to, the Government were wiped off by it insofar as obtaining from them their views in relation to the proposed agreement was concerned. The Minister tells us that the views of the Under Secretary for Mines were obtained, but we have not been given the benefit of those views. Presumably they were not favourable to the agreement or, alternatively, the Under Secretary for Mines was not asked to express any views with regard to the effects which the agreement, if put into operation, might have upon the mineral resources under the control of the Mines Department.

The Minister discussed the matter with the Director of Industrial Development, Mr. Temby, and we have not been given any information at all as to what were the views of the officer holding that important position regarding the proposed agreement. The Minister wipes the board of management of the charcoal-iron industry at Wundowie completely off by coolly suggesting that the proposed agreement does not affect the charcoal-iron industry at Wundowie. That is a cool piece of impudence on the part of the Minister and a very bad piece of reasoning. It would be difficult to imagine a worse piece of reasoning. The members of the board of management of the charcoal-iron industry at Wundowie have had a great deal of practical experience of the production of pig-iron in this State.

There would be no-one in this State, including the Co-ordinator of Industrial Development, Mr. Dumas, with half as much practical knowledge of the production of pig-iron in Western Australia as would be possessed by members of that board. Not only have they had practical knowledge based upon the production of pig-iron in Western Australia but they have also, of necessity, a great deal of tech-

nical and financial knowledge in respect of that industry. They have a considerable knowledge, too, in regard to all the iron-ore deposits in this State and their importance and value, particularly in regard to future local industrial development.

In my opinion, the members of that board should have been the first to be consulted. Their views should have been sought and these should have been weighed very carefully against the views of other men who have had no practical experience, and therefore could have no practical knowledge at all. The fact that their views were not even sought clearly indicates that the devising of this agreement was kept within the fewest possible hands in order that as little objection as possible should be raised against it by technical officers in the employ of the Government, and members of the board of management of the industry at Wundowie. The fact that they were deliberately ignored should make every member of this house very careful in the consideration that he gives to this Bill and to the agreement, and even more careful in regard to the decision he will be called upon finally to make in connection with it.

When introducing the Bill, the Minister told us he had recently received a letter from America and had noticed stamped on the envelope the phrase, "Nothing is made without steel." He went on to tell us that his first reaction was to refuse to accept that statement but that on deeper consideration he did accept it. One would have thought that, if the Minister had given close consideration to the future welfare of this State, his greatest anxiety would have been not to give away the State's birthright in regard to a steel industry in Western Australia in future, but to go to almost any lengths to protect that birthright so that it might be held in the name of the State in order that it might be used at the appropriate time as a basis for the establishment and operation of a complete iron and steel industry in Western Australia.

The Premier: I wonder how long that would be!

Hon. A. R. G. HAWKE: I wonder how long it will be now, under this agreement! Ever so much longer than without this agreement!

The Premier: Don't you believe it!

Hon. A. R. G. HAWKE: I am inclined to think that the Premier does not know what is in the agreement and does not understand its implications.

Mr. Needham: He has never read it.

Hon. A. R. G. HAWKE: He has allowed himself to use that famous fountain pen of his for the purpose of signing an agreement, the implications of which he does not fully understand.

The Premier: More discussion has been given to this project than to anything we have considered since we have been in Cabinet.

Hon. A. R. G. HAWKE: That does not mean anything. There may have been discussion, but was the discussion on the target?

The Premier: Of course it was!

Hon. A. R. G. HAWKE: Did it take into consideration the vital dangers wrapped up in these proposals?

The Premier: I cannot see the dangers.

Hon. A. R. G. HAWKE: No, I know the Premier cannot see them! That is the whole trouble. The Premier has blindly signed this agreement which was put in front of him by his own Minister, and by the State officer mostly concerned. I will point out the dangers to the Premier and sincerely hope and trust that when I have finished pointing them out, he will be big enough to stand up and admit to the House and to the country that this agreement is, in fact, full of danger and consequently will allow the Bill to lapse or withdraw it. As a matter of fact, may I say at this stage that I challenge the Premier and the other members of the Government to withhold this Bill and take it to an early election—

Hon. J. B. Sleeman: That is the stuff!

Hon. A. R. G. HAWKE: —and allow the people of Western Australia to say what they think about it.

The Premier: We have no fear of taking it to an election; none!

Hon. A. R. G. HAWKE: Then I challenge the Premier now to withhold this Bill and have an early election, and allow it to be the major issue at that election. Does the Premier accept that challenge?

The Premier: We will have to defend it when we go to the electors, and are fully conscious of that fact.

Hon. A. R. G. HAWKE: What a miserable subterfuge!

The Premier: It is no subterfuge. We accept full responsibility.

Hon. A. R. G. HAWKE: The Premier says, in reply to the challenge, "We will pass the Bill—

The Premier: I hope so!

Hon. A. R. G. HAWKE: He says, "We will pass the Bill and when the election takes place in a few months' time we will fight the issue before the electors." Of what value would that be?

Mr. May: After they have sold us out!

Hon. A. R. G. HAWKE: If the Government were overwhelmingly defeated at the election, the Act would still stand and would continue to operate for the next 50 years and for a further 21 years

after that, if the company wanted to extend its life for a further 21 years after the first period of 50 years. Why does not the Premier face up to the issues squarely and agree to withhold the Bill for three or four months? That would be the longest period involved. Then let him bring on an early election, and allow the people to decide whether they want a proposition of this kind to be made the law of the State for the next 71 years.

Mr. Yates: The people, by putting us in, have decided that already.

Hon. A. R. G. HAWKE: I know where the people of the South Perth electorate will put the member for South Perth.

The Premier: Those threats will not have the slightest effect.

Hon. A. R. G. HAWKE: It is not a threat.

The Premier: Yes it is.

Hon. A. R. G. HAWKE: It is merely a prophecy.

The Premier: Oh!

Hon. A. R. G. HAWKE: Evidently the Premier is not prepared to allow this issue to be judged by the people.

The Premier: He is prepared to take full responsibility for it.

Hon. A. R. G. HAWKE: The Premier knows as well as I do that once this Bill is passed the B.H.P. is made a gift of all the things which are to be given by this legislation to the company, and is made that gift for the next 71 years beyond possibility of any recall in any shape or form of any of the great gifts that the Bill makes to the company or proposes to make to it.

Mr. Bovell: Has not the B.H.P. made the country a lot of gifts? What would we have done without its services during the war?

Hon. A. R. G. HAWKE: What would we have done without the services of a lot of other companies and a lot of other people?

Mr. Bovell: The B.H.P. provided a lot of good service.

Hon. A. R. G. HAWKE: Of course it did a good job! So it should have done.

Mr. Bovell: And it will do a good job with this.

Hon. A. R. G. HAWKE: We will see. I am sure the member for Vasse does not understand the agreement except in the smallest degree.

Mr. Yates: We can all read and digest, you know.

Hon. A. R. G. HAWKE: We will see as we go along.

Mr. Bovell: I have the interests of this State at heart. I want to see it progress, and B.H.P. will help make it progress.

Hon. A. R. G. HAWKE: We will see, as we make a detailed study of the agreement in a few moments' time. Just now I am trying to prevail on the Premier to allow the people of Western Australia as a whole to be the judges.

The Attorney General: Why not tell us why?

Hon. A. R. G. HAWKE: Does the member for Vasse object to a proposal of that kind?

Mr. Bovell: I know that at election time all sorts of red herrings can be drawn across the trail.

Hon. A. R. G. HAWKE: Is the member for Vasse not prepared to trust the whole of the people to make a judgment on this issue?

Mr. Bovell: At a referendum I would, but not in this way by our going to the country as a Government. At a referendum the people would pass it overwhelmingly.

Hon. A. R. G. HAWKE: I am afraid the knowledge of the member for Vasse concerning the agreement is about as insignificant as the knowledge he has of the temper and mind of the majority of people in the State.

The Premier: How long have you been in favour of going to the country on every important Bill that is introduced in Parliament?

Hon. A. R. G. HAWKE: I am in favour of going to the country in connection with this proposal because of its vital significance; because of the very great detrimental effect it could have on the future of the State; and because a general election for the Legislative Assembly is not very far ahead, anyhow. What will be lost by withholding this Bill for four or five months?

The Attorney General: Tell us what you object to! Get on with the business! I do not know what you are talking about.

Hon. A. R. G. HAWKE: Of course the Attorney General does not know what I am talking about, but I can only say what I say. If he is not capable of understanding what I say, he surely would not blame me for that.

The Attorney General: I want to hear your arguments and you are not making them.

Hon. A. R. G. HAWKE: There is plenty of time.

The Attorney General: Granted!

Hon. A. R. G. HAWKE: And I think the Attorney General will admit that the arguments I put up are usually not difficult to understand.

The Attorney General: I agree; but I have not heard one yet.

Hon. A. R. G. HAWKE: I have been indirectly talking to the Premier, and when I am talking to the Attorney Gen-

eral's leader I should hope the Attorney General would display that courtesy and politeness which together constitute one of the outstanding features of the profession which he very greatly adorns. Let me briefly summarise the main things which the Government proposes to do under this agreement and the main things which the company proposes to do, so that we may early obtain a bird's-eye view of what is really involved and weigh one, as it were, against the other. That should make the Attorney General less impatient.

In this agreement the Government proposes to extend the leases covering the iron-ore deposits at Cockatoo Island for a period, in all, of 71 years from this year. These leases are at present held by Australian Iron and Steel, a subsidiary of the Broken Hill Pty. Coy. Ltd. and are due to run out in 10 or 11 years' time. In this agreement the Government says to the B.H.P. and through it to its subsidiary, "We will, by Act of Parliament, extend the Cockatoo Island leases for a period of 50 years from 1952, and at the end of that 50 year period will extend them for another 21 years."

Mr. Bovell: Is not that a better proposal than that put forward by your Government?

Hon. A. R. G. HAWKE: Evidently the member for Vasse is not as anxious now as he was a few moments ago to learn something about this agreement. He now wants to run away on a side track and establish some subterfuge. I would point out to him, as to other members, that our duty and obligation are to study this Bill and the agreement it contains in order to arrive at set conclusions about them and record our votes in connection with them according to our points of view.

Mr. Bovell: With that I entirely agree.

Hon. A. R. G. HAWKE: A net extension of the Cockatoo Island leases for 50 years would be a great gift to any company. There is at Cockatoo Island, above high water mark, 20,000,000 tons of good quality iron-ore and I believe that below highwater mark there is another 20,000,000 tons that could be mined economically. So, in this agreement, the Government proposes to give B.H.P. a net increase of 60 years tenure of these leases, over and above the period for which the company would otherwise be entitled to hold them. The B.H.P. has told the Minister that it proposes to take ore from this island at the rate of 1,000,000 tons a year, starting from next year.

The proposal in the Bill with regard to Cockatoo Island would, therefore, give the company 40,000,000 tons of iron-ore in a period of 40 years from now. Of course it might be possible for the company to mine ore below high water level to a

greater extent than the 20,000,000 tons that has been estimated and, if so and if the company operated there for the next 60 or 71 years, as the case might be, it could easily take 71,000,000 tons of iron-ore from Cockatoo Island. Let us put the figure at 40,000,000 tons, to be on the safe and conservative side. That 40,000,000 tons of ore would be of tremendous value to B.H.P., as it would to any company engaged in the production of iron and steel. What should this great gift to the company be worth in return? Surely the company should be prepared to give Western Australia something very substantial in return for this proposed great gift! A steel rolling mill, as proposed under the agreement to be established by B.H.P. at Kwinana would not be too great a return. After all, if B.H.P. were to give Western Australia a steel rolling mill of the type and capacity proposed in the agreement, in return for the extension of the Cockatoo Island leases, it would still be very greatly in the debt of this State.

Let us look at what else the Government proposes to do for the company in the matter of iron-ore. In this agreement it proposes to give to the company the iron-ore deposits at Koolan Island and also those at an island little known or heard of heretofore, namely Irvine Island which, I understand, is situated close to Koolan Island. It is a remarkable thing that the Minister for Industrial Development did not, in his speech, say anything about the quantities of iron-ore at Cockatoo Island, Koolan Island or Irvine Island, although I am not concerned about Irvine Island because, as far as I know, the quantity of iron-ore there would not be very great.

Is it not strange, however, that when a vitally important agreement of this kind is put before Parliament for ratification and agreement the Government makes available to members no information at all as to the quantities of iron-ore estimated to exist at Cockatoo Island and Koolan Island? Surely that is a vital consideration! How could members fairly and properly judge whether they would be justified in handing over to the company Koolan Island and Cockatoo Island unless they had accurate information vouchsafed to them by the Government as to the quantities of iron-ore existing on the two islands? Yet the Minister told us nothing about them. Are we to conclude that he did not think about that aspect or that those who were advising him and helping him to prepare what he was to say to Parliament did not think about it? Why has that information been kept from us?

When this proposed agreement was discussed in this Parliament in March of this year, the Premier was moved into making a speech—as the result of a speech I made attacking the proposed agreement as it was at that time—and in the course of it he dealt with the question of the quantity of iron-ore at Cockatoo Island and Koolan

Island. The Premier had this to say—I quote from "The West Australian" of the 15th March, 1952—

His opinion was that the Cockatoo Island ore totalled about 20,000,000 tons and the Koolan Island deposits 40,000,000 tons.

Following that, in "The West Australian" of the 17th March, 1952, I challenged the Premier in connection with the figures which he had quoted in this House. I supported my challenge by quoting from an official document issued by the Mines Department and called "Mineral Resources of Western Australia." I showed, on the basis of that reliable publication, that the quantity of iron-ore at the two islands was estimated to be in excess of 97,000,000 tons. I challenged the Premier to publish the authority that he had used for his 60,000,000 tons for the two islands. I asked him to make available to the public the source from which he had obtained his information and why he had not consulted the experts of the Government—namely the officers of the Mines Department—in relation to a matter of that kind.

Evidently the Premier was afraid to disclose publicly the source from which he had obtained his information, because he made no reply to that challenge and has made no reply to it since then. It might now be more understandable to members why the Minister for Industrial Development made no reference to the quantities of iron-ore at Cockatoo Island and Koolan Island when introducing the Bill the other afternoon. I will tell members something about the quantity of iron-ore at Koolan Island and this, I hope, will have the effect of opening the eyes of even the Attorney General. I quote from a statement—

The principal deposits at Koolan Island are approximately nine miles south of east from the Cockatoo Island deposits. The western end of Koolan Island is about three miles east of the eastern end of Cockatoo Island. Koolan Island is about 90 sea miles north from Derby and 1,600 sea miles from Fremantle. The ore bodies concerned are of two series, the north and south series, disposed along two high ridges forming the backbone of the island. They are only fair open cut propositions as the hanging wall of the ore bodies is nearly completely intact over most of their lengths. The topography is rugged and steep and there are no communication facilities on the island. We had to excavate space for 10 x 12 huts in the exploration phase of our work here.

Based on detailed surveys by the Yampi Sound Mining Company and the geological survey of Western Australia in 1938, 1939, and 1940, the total proved ore from all sources is put at 91,850,000 tons and probable ore is put at 95,550,000 tons, making a total

of 187,400,000 tons of commercial grade ore with a metallic iron content ranging from 57 per cent. to 68 per cent.

No wonder the Premier went silent a few months ago and has remained silent ever since when he was challenged to disclose the source from which he had obtained the misleading information that he presented to the House!

The Premier: What guarantee is there that they can get the quantity of ore that you have quoted?

Hon. A. R. G. HAWKE: I am not here to guarantee that they can get any quantity of ore, but to point out to the Premier that those are the quantities of iron-ore estimated to be available at Koolan Island. That statement was signed on the 4th August this year by the Government Geologist, Mr. Ellis. So now we begin to see just how much is involved in this agreement which is before us for our consideration and, if we are treacherous enough to the best future interests of Western Australia, before us for our support.

What has B.H.P. bound itself to do in return for this fantastic gift of iron-ore; for this proven quantity of 95,000,000 tons of iron-ore and for the additional probable quantity of 95,000,000 tons? What is B.H.P. giving to Western Australia in return for that? I have already pointed out that in return for the extension of the Cockatoo Island leases for 60 years the company is giving us very poor value by legally binding itself to establish a steel rolling mill in this State. But what is it giving us in return for this amazing gift of Koolan Island? It is binding itself legally to give us in return for this gift nothing at all of a concrete practical character; all it gives us in return is an "if" proposition, a "may be" proposition, a "might be" proposition. In other words it binds itself in this agreement to investigate the possibilities of establishing in Western Australia an integrated iron and steel industry.

In his speech the Minister was good enough to give us a fair amount of information about this phase of the matter. He told us, as the agreement tells us, that B.H.P. has not been able, nor has anyone else in the world yet been able to find a practical and economical method of producing coke from Collie coal. Therefore, B.H.P. cannot and will not bind itself legally to establish a complete iron and steel industry in Western Australia, but is prepared to go on carrying out inquiries and investigations, and having them carried out, in the hope that some practical and economical method of coking Collie coal will be found at some time in the future. But, by this agreement, B.H.P. is left absolutely free to make its own deci-

sion in regard to the possible establishment of an integrated iron and steel industry in this State.

I think anyone who has given serious consideration to the question of basing an iron and steel industry in this State upon Collie coal, or coke which could or might be produced from it in the future, is strongly inclined to the conclusion that it will either never happen or will not happen for many years to come. So we, as members of this House, are asked to give an extension of the Cockatoo Island leases for 60 years beyond their exploratory period in return for a steel rolling mill; then we are asked to give Koolan Island leases to the company for 71 years from now on the flimsy basis that it will consider establishing an integrated iron and steel industry in this State if by something more or less in the nature of a miracle a practical and economical method of producing coke from Collie coal is discovered.

The Minister for Health: You will agree that it is a very honest firm.

Hon. A. R. G. HAWKE: Far be it from me to question the honesty of any firm or individual; I am not here to do that. I would say that the Broken Hill Pty. Ltd. is a very wideawake firm; I should say it always has its eye to the main chance and that it misses no opportunity of building up its activities or of adding to its control of the vital raw material of iron-ore. I pay it all those compliments and more along the same lines. The Minister for Industrial Development, after reciting all the things the State is to do and all the things the company is to do had this to say—

I know of nothing more that could have been done to serve the interests of the State.

I will say to the credit of the Minister, he is not usually so sadly lacking in ideas. For instance, what would have been wrong with saying to the representatives of B.H.P., "We will reserve the iron-ore deposits at Koolan Island for a period of five or six years for the purpose of giving your company full and free opportunity finally to test out, or to have tested out, all the possibilities of producing a suitable coke in a practical and economical way from Collie coal. If, at the end of the five or six year period, your company has discovered, or has had discovered for it, such a method, we will make the Koolan Island iron-ore deposits available to you provided your company binds itself in a legal agreement to establish a fully integrated iron and steel industry in Western Australia."

What would have been wrong with that? Would not that have been a practical businesslike approach to a proposition of this kind? Would not that have been serving the State's best interests in a far better way than the miserable proposi-

tion outlined in this agreement? If, on the other hand, the company had failed in the five or six year period to find a practical and economical method of producing coke from Collie coal, the State would have been under no further obligation in regard to reserving the Koolan Island iron-ore deposits for the company. In turn, the company would have been under no obligation to the State in regard to any further activity in which it might have been interested in regard to the establishment of an iron and steel industry here. That would have been the proper course to have followed; it would have had everything in its favour, yet we find the Government, in this agreement, giving away to B.H.P. the Koolan Island iron-ore deposits, or it proposes to do so, for the next 71 years. In return we will get what almost certainly will amount to nothing.

I have no doubt that B.H.P. will carry out further inquiries and investigations into the possibility of coking Collie coal, but do we honestly think it will succeed when all the indications, and all the evidence, are the other way? I say to the Government, it would be showing some degree of statesmanship, even at this late stage—and it has shown none up to date in connection with the agreement—if it withdrew this Bill and this agreement for the purposes of re-negotiating with the company so that an agreement more reasonable, more safe from the State's point of view and more acceptable to Parliament and the people, might be devised and brought to us for consideration and approval.

I come now to a more detailed consideration of the Bill and the agreement attached to it. There is no doubt about the binding legal nature of the agreement. Evidently the representatives of the company have used a spirit of abundant caution in relation to making the agreement absolutely binding beyond any shadow of doubt. A portion of the Bill reads this way—

Notwithstanding the provisions of any other Act, the provisions of clauses one, three, four and five of the agreement—

I break off here to say that those provisions are practically the complete agreement.

—mentioned in Subsection (1) of this section shall have effect as if the same were repeated in and enacted by this Act, and for such purpose clause five of the agreement shall be read and construed as if the words, "It is hereby mutually agreed and declared" in line one of the clause were omitted therefrom.

That clause puts the agreement beyond the stage of being an agreement between the Government and the company and makes it, beyond the slightest shadow of

doubt, an absolutely binding Act of Parliament. Another portion of the Bill lays it down that even the iron-ore deposits at Koolyanobbing, some 40 miles north-west of Southern Cross, are to be tied up during the next 10 years. This part of the measure states that notwithstanding anything else to the contrary, in effect, the mining resources at Koolyanobbing shall not, for a period of 10 years from the passing of this Act, be declared in the Mining Act to be open for mining, to be cancelled or to be temporarily occupied. In other words, the iron-ore deposits at Koolyanobbing are to be sealed up.

As we read the Bill further we are led to believe—and the Minister's speech also leads us to believe—that these deposits are being sealed up to a large extent in an endeavour to protect the charcoal-iron industry at Wundowie. However, we will look at this more closely in a moment or two. The Bill goes on to state that the Minister may remove from Koolyanobbing at any time during the period of 10 years an amount of ore not exceeding 50,000 tons in any one year.

It should not be necessary for me to say so, but at the present time the State is in absolute control of Koolan Island, just as it is in absolute control of Koolyanobbing. Yet here we have the State binding itself by an Act of Parliament to allow not more than 50,000 tons of iron-ore to be taken in any one year, in each of the next 10 years from Koolyanobbing.

A further provision of the Bill states that the Minister may enter into an agreement with anyone for the construction and establishment of an iron-ore, smelting and steel making plant with a rated capacity of not less than 100,000 tons of pig-iron a year. This all has relation to iron-ore deposits at Koolyanobbing.

For instance, early next year representatives of a company might come here from England or from America and might say to the Minister for Industrial Development, "We are anxious to establish a branch of our industry in Western Australia; we are prepared to go ahead straight away; what can you do for us in regard to iron-ore?" The Minister would have to reply as follows:—"Our Parliament passed an Act last year laying it down that Cockatoo Island iron-ore deposits and Koolan Island iron-ore deposits have been given to B.H.P. for the next 71 years. The only other large-scale deposit of good quantity iron-ore in the State which is reasonably accessible—but not nearly as accessible as Koolan Island and Cockatoo Island from an economic point of view—is at Koolyanobbing. However, the Act in question prohibits me from making more than 50,000 tons of ore a year available from Koolyanobbing during the next 10 years."

"Of that 50,000 tons of ore I would have to direct that at least 20,000 tons a year go to Wundowie to keep our established charcoal-iron industry there in operation. So we could make available to your company from Koolyanobbing 30,000 tons a year starting in four years' time"—it would take at least four years I imagine to establish the industry—"and we would continue making 30,000 tons a year available from Koolyanobbing to your company until the 10-year period was finished, when we would be free to make greater quantities available to you from Koolyanobbing. In the years you were in operation, before the 10-year period had expired, you would have to buy the balance of your requirements from the B.H.P. Co. Ltd. who could supply you either from Koolan Island or Cockatoo Island."

Would not that be an amazingly weird proposition to put to the representatives of any other iron and steel company in the world that might come here with the idea of establishing an iron and steel industry in Western Australia? One does not need to have much imagination at all to work out what the reaction of those representatives would be. As a matter of fact, they would only need to read the Bill and the agreement to know that they would be doing something which would be very dangerous for them if they were to decide to establish an iron and steel industry in Western Australia, especially if they were to take any action subsequently to establish such an industry.

But such representatives would be up against other difficulties set out in the Bill. For instance, the Bill declares that no agreement along the lines I have just mentioned shall be executed by the Minister unless the person—and person means a company—referred to enters into a bond in the penal sum of £100,000. So any other company that had any idea of establishing an industry here would not only be up against the difficulties to which I have already referred, especially in the early stages, but it would be called upon by the Government to put up a bond to the extent of £100,000. It would lose that money unless within 12 months of the execution of any such agreement a start was made with the construction of the proposed industry and its completion was achieved within six years from the date the agreement was signed.

Looking through the agreement attached to the Bill between the Government and the B.H.P. company we find no such provisions, no such qualifications and no such penalties as I will indicate to members clearly when I move on to a discussion of the more important clauses in the agreement. Obviously these portions of the Bill which I have just been discussing are portions calculated to freeze out, beyond any shadow of doubt, the representatives of any other companies than the B.H.P. Co.

that might at some stage become interested in a practical way in establishing an iron and steel industry in this State.

Let us look at that situation from another angle. When the Willcock Government decided to establish the charcoal-iron and wood distillation industries at Wundowie the ultimate purpose was to use the Wundowie industries as a basis for testing, to prove, if it could be proven, that Western Australia on the basis of its own raw materials could produce charcoal-iron and could produce in addition the products of wood distillation processes. The understanding was that if that could be done on the basis of the industries to be established at Wundowie, then there would be established in the Collie-Bunbury area at a later date an integrated charcoal-iron and steel industry with an annual production capacity of 100,000 tons.

Mr. Yates: What is the present annual production at Wundowie?

Hon. A. R. G. HAWKE: I am not in a position to say; but the Minister for Industrial Development could easily make that information available to the hon. member. Sufficient is it to say that the charcoal-iron industry at Wundowie has been proven and is technically and, I believe, now financially an economic proposition, and a successful proposition. In other words, our own technical officers, under the direction of a board of management made up of Western Australian citizens, succeeded in the face of a great many difficulties, financial, technical and otherwise in establishing at Wundowie an industry which has successfully produced charcoal-iron of a very good quality, the production of which in recent years has been a godsend to a great many iron refineries and workshops in Western Australia.

If at the general election to be held early next year the Labour Party succeeded in winning a majority of seats, a Labour Government would come into office. That Labour Government would be very anxious to establish in the Collie-Bunbury area an integrated charcoal-iron and steel industry in accordance with the proposals and ideas we had some seven to 10 years ago. But under this rotten Bill we could not do it without going cap in hand to B.H.P. and saying to that company, "We want to buy—

Mr. May: Our own ore.

Hon. A. R. G. HAWKE: "—100,000 tons of iron-ore from Koolan Island or Cockatoo Island;" ore which today the Government has reserved to itself at Koolan Island to the proven quantity of 91,000,000 tons and to a further probable quantity of 95,000,000 tons. Ore exists at Koolyanobbing today in very substantial quantities, yet Parliament, by passing this Bill would say to a Government of the description I have mentioned, "If you want

to go ahead and establish a large-scale charcoal-iron industry in the Collie-Bunbury district in the reasonably near future, at any time in the next 10 years, the ore you can have from Koolyanobbing is 30,000 tons a year. All you need in excess of that you will have to buy from the B.H.P. Co. at the company's own price."

Fancy putting the Government or any company in that position! Fancy a Government's having to be dependent upon B.H.P., which would be out to protect its own interests and to retain its own existing monopolies! Fancy a Government's being forced by this Bill to have to go to the company and say, "We want 100,000 tons of iron-ore a year from Koolyanobbing," which the State has reserved completely to itself! Fancy putting any company in that position! B.H.P. could play ducks and drakes with any Government or any company that was dependent for supplies of iron-ore from Cockatoo Island or Koolan Island. It could not only load up the price to uneconomic levels, but it could also sell any kind of iron-ore that pleased it. There is nothing in the Bill with regard to quality tests. The company could cause all sorts of delay in making iron-ore available on the islands and in the shipping, and there are no penalties and no bonds. Therefore, if some other company foolishly came along in the hope that the State would be able to give it a fair deal and make a reasonable agreement with it, that would be the position.

So not only has the Government sacrificed by this Bill and agreement the best interests of the State, not only has it given away Cockatoo Island and Koolan Island and Irvine Island for the next 71 years, but in addition it has put all sorts of restrictions upon the deposits at Koolyanobbing that will prevent more than 50,000 tons of iron-ore from being taken from those deposits in the next ten years, thus making it impossible for any other company to start here in that time and impossible for any Government which might be anxious to see an iron and steel industry established here from doing anything of a practical nature for the next eight or ten years.

This Bill and the agreement attached to it are wretched documents, so wretched as to make me marvel that the representatives of B.H.P. ever got away with it. I am at a complete loss to understand how they did get away with it. I can only believe that by finesse and flattery—

The Premier: They did not try to get away with anything.

Mr. W. Hegney: They did get away with it.

Hon. A. R. G. HAWKE: That is an amazing admission. If they did not, the Government has sold out the State completely to B.H.P. in respect of the iron-ore deposits and the establishing of an inte-

grated iron and steel industry. If the B.H.P. representatives did not ask for all those things that are in the agreement and if the Government conceded all those things of its own initiative and choice, the Government should be kicked out of office at the earliest possible moment. If Ministers had any conscience or sense of decency, they would get out.

The Premier: You are a funny man at times; there is no doubt about it.

Hon. A. R. G. HAWKE: It is all very well for the Premier to put on a forced laugh,

The Premier: It is not forced.

Hon. A. R. G. HAWKE: It is heavily forced. If the most objectionable provisions in the Bill and agreement were not included as a result of initiative on the part of the representatives of the company and by the use of finesse and flattery, then those responsible as representatives of the State ought to be thoroughly ashamed of the treacherous part they played in the negotiations from the point of view of the present and future welfare of the State.

Let me come now to a consideration of the agreement itself. In the early part of the agreement, it is said that the State of Western Australian is desirous that an integrated iron and steel industry should be established here. That is merely pre-amble. Of course we are desirous that such an industry should be established here, but there is not a word or letter in the agreement giving the State a claim to have such an industry established. There is not a word, letter, line or sentence in the agreement binding the company legally and beyond question to establish such an industry here.

All that the company legally binds itself to do is to carry out inquiries and have investigations made by its technical officers overseas to find out whether it is economically practical to produce coke from Collie coal, which coke would be effective in the smelting of iron-ore in blast furnaces so that an iron and steel industry might be established. That is all that the agreement legally binds the company to do, and the final say as to whether the company does anything or not, irrespective of what happens in regard to inquiries and tests about the coking of Collie coal, is still left absolutely to the company.

I mentioned earlier that the company in the agreement does bind itself absolutely to establishing a steel rolling mill at Kwinana. It is estimated that the mill will cost the company £4,000,000. The mill is to have an annual production capacity of not less than 50,000 tons. I am quite sure that a considerable number of people in the State believe that the mill, when established by B.H.P., will process iron-ore and produce steel. The fact is, of course, that nothing of the sort will take place. The iron-ore will be

shipped from Koolan Island and Cockatoo Island to Port Kembla and Newcastle in New South Wales, at which places it will be smelted into pig-iron and turned into steel billets. After that, it will be loaded on to other ships and brought to Fremantle, and those steel billets, manufactured in New South Wales from Western Australian iron-ore, will, in the rolling mill at Kwinana, be rolled into various types of steel products.

But there are some interesting qualifications associated even with this proposition. For instance, the company binds itself legally to use substantially new plant, new equipment and new machinery in establishing and equipping the mill at Kwinana. In other words, the agreement proposes to give the company the right to use quite a fair proportion of second-hand plant, equipment and machinery. Another portion of the agreement provides that the company shall produce in the steel rolling mill sufficient of its range of products to meet the Western Australian demand. It is safe to say that the demand of this State for the products of the mill will not be sufficient to keep it operating for more than six months of the year.

Recently I read in a newspaper something about the great benefit that would accrue from the establishment of a steel rolling mill at Kwinana; it would permit of technicians being trained and employed, and would provide work for our people. We can already see that, as a result of some of the clauses in the agreement, the employment to be provided will most likely or most certainly be of a type that will not be sought by men who look to be continuously employed, not for six months but over the whole of the year.

The steel rolling mill, from the point of view of the company, will be a most uneconomical proposition. In a financial sense, it will be a losing proposition. Even if we consider it as a separate and distinct establishment, it will be ever so much more a losing proposition from the point of view of the company, which has production capacity in the Eastern States more than sufficient to meet all the Australian demand for the types of products that will be rolled at the Kwinana mill. So this steel rolling mill, from the point of view of the company, will be an undertaking that I should say the company will operate as little as possible because, the more the company operates the mill, the more it will lose. As the company is bound by the agreement to operate the mill only to the extent necessary to meet the Western Australian demand, it seems reasonably certain that the mill will operate for only six months in each year.

So this steel rolling mill proposition, which has been boomed up to the skies, and in return for which members are being called upon to give the company a 60 years' extension of the Cockatoo Island

leases and a 71 years' hold over the leases at Koolan Island and Irvine Island, is one which is not worth any of those concessions. It is not worth even the extension of the Cockatoo Island leases for 50 years, let alone giving the company undisputed legal possession of Koolan Island for 71 years.

According to something I read in the Minister's speech, Country Party supporters of the Government are expected to give away Koolan Island and an extension of Cockatoo Island leases for 60 years in return for a bunch of steel fencing posts. They may do it. If they study this agreement closely enough and understand fully, or anywhere near fully, what it means and the implications contained in it, they will have nothing at all to do with it or the Bill. I will quote, for the information of members, the only portion of the agreement which legally binds the company to operate the proposed steel mill for a certain period—

The company will operate the mill for such periods in each year during the currency of the agreement as may be necessary having regard to the demand for use in the said State of the products of the mill from time to time.

So there can be no shadow of doubt but that the proposed mill at Kwinana will operate only during those periods, and for such length of time in each period, as the demand for the products of the mill in this State would justify. Is it not a strange thing that the company proposes to establish the steel rolling mill at Kwinana, and yet at the same time talks about the question of establishing an integrated iron and steel industry in Western Australia? If we look at the definition in the agreement of the term "integrated iron and steel industry" we find it reads this way:—

"Integrated iron and steel industry" means an industry in which there is a combination of iron smelting steel making and steel rolling units designed to operate in complementary sequence.

I have already said the company proposes to spend about £4,000,000 to establish a steel mill at Kwinana. According to the definition of integrated iron and steel industry in the agreement, the company would, if it ultimately took some steps to establish such an industry in the State, either have to establish that industry at Kwinana or somewhere else within the State, and shift the steel rolling mills to the other place; or else abandon the steel rolling mill at Kwinana altogether and build a new one where the integrated iron and steel industry was established. Can you imagine it, Mr. Speaker! No wonder the company puts so many ifs, maybes and mights in the agreement in respect to the company's establishing an integrated iron and steel industry in Western Australia!

Can we imagine for a moment that a company like the B.H.P. would establish an integrated iron and steel industry at Kwinana so that it could run in complementary sequence with the steel rolling mill which would already be established there? What would that involve? It would involve the company in taking to Kwinana iron-ore and also Collie coal, or coke from Collie coal. In other words, the iron and steel industry would be situated in a place where there was no raw material of any kind. The whole thing is too silly for words. I should think that if the B.H.P. ever established an iron and steel industry in this State, it would establish it close to the fuel resources which were to be used in the industry, and that would be, I should think, either Bunbury or Collie, so that the company would have at least one major material close to the industry and would thereby be under the obligation of bringing only one other major raw material—iron-ore—to the industry.

So, whichever way we look at this quarter-promise—and it is no more than that—of the company to establish an integrated iron and steel industry in Western Australia, the less convincing it appears to be. The fact that the agreement places no obligation on the company to establish such an industry makes all the other ballyhoo about it in the agreement more or less worthless. Is it not a remarkable thing that there is nothing in the Bill or in the agreement about the B.H.P. trying to do something to establish an integrated iron and steel industry on the basis of using charcoal as a fuel, because we have the raw materials in abundance in this State from which charcoal can be produced?

Even the Minister in his speech admitted that charcoal met all the requirements of a fuel to smelt successfully iron-ore. He told the House that charcoal and coke were the two fuels which did meet all the requirements. It is true that he then tried to depreciate the value of charcoal as a fuel, compared with coke. But his attempted depreciation was not very convincing. Let me read what he said—

Coke and charcoal are the only two fuels that have met these requirements. Coke is a stronger fuel than charcoal, and in almost every instance it has proved by far the cheaper. There are very few, and these only small, that have operated upon charcoal, and it is not possible on a comparatively large scale to use that process.

I understand that 16 cwt. of unselected and unscreened charcoal will produce a ton of pig-iron, whereas it takes more than a ton of specially screened and selected coke to produce the same quantity. On that basis, it is true that charcoal as a fuel is more valuable and effective than coke. I would also point out to the Minis-

ter and to the House that Sweden produces 250,000 tons of charcoal-iron a year. Most people know that the timbers we have in Western Australia for the production of charcoal are far better for the purpose than those in Sweden. Therefore the charcoal produced in this State would be of much better quality and more able to meet the requirements of smelting iron-ore than would the charcoal of Sweden. Nevertheless in that country one quarter of a million tons of charcoal-iron is produced.

The Attorney General: And they import iron.

Hon. A. R. G. HAWKE: They export iron, too.

The Attorney General: And import cheap iron.

Hon. A. R. G. HAWKE: They might for cheap purposes. They import iron produced by the coking method for less important purposes, but Sweden uses its own charcoal-iron for all the more important purposes. Other countries, such as Great Britain, are very anxious to import Swedish iron-ore for special purposes. It is an acknowledged fact throughout the world that charcoal-iron has qualities superior to pig-iron produced by the use of coke as a fuel. It is also an acknowledged fact throughout the world that charcoal-iron carries a premium in regard to price.

The Attorney General: It can only be used for certain specific purposes, and it is not as good as the other sort for most purposes.

Hon. J. T. Tonkin: Who is your authority?

The Attorney General: One of the principal Swedish engineers representing a large Swedish steel company.

Hon. J. T. Tonkin: Who shall be nameless.

Hon. A. R. G. HAWKE: Charcoal-iron is superior to ordinary iron. It carries a premium price throughout the world, and it is specially sought after by a number of manufacturers, including governments, for special purpose work which they have to do in connection with their normal operations. So there can be no doubt at all that the problem of producing coke from Collie coal need not be a problem to B.H.P. at all if the company is really anxious, keen and conscientious in its desire to establish an integrated iron and steel industry in this State. The company could establish itself here, beyond any shadow of doubt, upon the basis of establishing a charcoal-iron and steel industry.

It might be said that the technical officers of the B.H.P. have not had any experience with charcoal-iron, but as a matter of fact they have had a considerable amount of experience with it, indirectly at any rate, because, to the

credit of the company be it said, it allowed its technical officers to consult with the technical officers of the Government of Western Australia in regard to establishing the industries at Wundowie, and also from time to time since in regard to their operations. So, some of the technical officers of B.H.P. have a great deal of knowledge of the charcoal-iron industry, and I am sure that being technical men of such high standing they would have little difficulty in proceeding to establish in Western Australia, if the company were willing, an integrated iron and steel industry with a production capacity of charcoal-iron of not less than 100,000 tons a year.

The agreement contains a clause which lays down that the company shall not export out of Australia any iron-ore from Koolan Island or Cockatoo Island. That is all very well in its way, but it does not help Western Australia in any shape or form. It helps Eastern Australia and it helps the B.H.P. I wonder whether there is a similar qualification in regard to the iron-ore deposits which the company holds at Iron Knob in South Australia, or in any of the Eastern States? If not, then the company could export iron-ore from Iron Knob, and from other deposits which it holds in Eastern Australia, to other parts of the world, and could make up what was lost from its works in New South Wales on that account by taking comparable quantities of iron-ore from Koolan Island and Cockatoo Island to Port Kembla and Newcastle. However, as I said a moment ago, that provision in the agreement does not help Western Australia in the slightest degree.

There is another proposition in the agreement that binds the company to supply up to 200,000 tons of iron-ore each year from Koolan or Cockatoo Islands for use within Western Australia. This is the sugar-coated pill which those who are inclined to support the Bill are to swallow. They are to find it so nice that they are then to swallow the rest of the nasty medicine wrapped up in the agreement, and afterwards find themselves violently suffering from "election defeatitis." Let us have a look at this proposition! In the first instance, anyone requiring the company to supply iron-ore from Koolan or Cockatoo Island for use in this State has to give 12 months' notice of the quantity required. There is nothing in the agreement that binds the company to deliver ore at any particular time. It is absolutely free and unrestricted to supply it whenever it pleases.

Mr. Kelly: Is there any mention of price?

Hon. A. R. G. HAWKE: There are no penalties provided in the agreement which are to be imposed upon the company for any failure by it to supply ore within a reasonable time; there is no bond of £100,000 or a lesser amount that the company has to put up to guarantee it will

supply the full quantity sought up to 200,000 tons a year and to supply the ore within a reasonable time; there is nothing in the agreement about the quality of the iron-ore to be supplied. Obviously, it would be to the disadvantage of B.H.P. to supply iron-ore to any other company in this State that would be producing pig-iron or steel. Therefore, it could be expected that the company, which is very wide awake from a commercial point of view, would not go out of its way, would not fall over itself to supply the ore within a set period or to supply, necessarily, very good quality ore.

So this proposition, although it looks all right on paper, is as I suggested a moment ago, a sugar-coated pill that members are expected to swallow preparatory to swallowing the rest of the agreement. The member for Merredin-Yilgarn asked whether there was anything in the agreement as to the price the B.H.P. was to charge to anyone in this State who might want to buy ore from B.H.P. for use in Western Australia. There is, and I will read it to members. It is a beautiful piece of drafting. In this regard I suppose I can anticipate the earlier assurance of the Premier that the representatives of the B.H.P. did not display the initiative that was responsible for this clause going into the agreement. It is at the bottom of page 19 and as to the sale of this iron-ore by B.H.P. to anyone in this State for use in Western Australia, it is laid down that while price-fixing legislation shall be in force, the State will not, under any legislation, prevent the products of the company from being sold at prices which will allow it reasonable depreciation as determined by the company.

As determined by the company, Mr. Speaker! And also the creation by the company of reasonable reserves and a reasonable return on the capital employed by the company in the said State, and presumably, although it is not clear, the company will be able to decide what are reasonable reserves and what is a reasonable return on the capital employed by it! That has relation, admittedly, to the products the B.H.P. produces in this State. If we look at the price that the company is to be permitted to charge for iron-ore, we will find that it fits into what I have already read. At page 8, where this question of the company making up to 200,000 tons of iron-ore from the islands for use in this State in any one year is set out, it is laid down that the price to be charged by B.H.P. for the ore shall be based on the cost of production and in estimating such cost, there shall be included depreciation and interest on capital as well as all overhead charges properly taken into account in arriving at net profits, plus five per centum.

In other words, we find recited much the same sort of phraseology as is included in the agreement later on in re-

gard to the prices to be charged by B.H.P. for the products which it will process in the steel rolling mill at Kwinana. So the agreement will put B.H.P. in an extremely happy position in discussions with anyone that wants to buy iron-ore from the company where such ore has to come from either Koolan or Cockatoo Island. The company will say to such other person or such other company, "Yes, we are bound to supply you with up to 200,000 tons of iron-ore from these islands in any one year. The cost of producing the ore, will include the cost of transporting it to the point of loading on the island, depreciation as decided by us, interest on capital, all overhead charges taken into account in arriving at net profit, plus five per centum."

Goodness knows what price the B.H.P. will submit to anyone that purchases iron-ore obtained from the islands for use in Western Australia. Beyond any shadow of doubt, the company is placed in a most happy position to deal with any competitors who approach it for iron-ore for use in this State. It can put all sorts of obstacles in the way of such other company; it can create all kinds of delay in making the iron-ore available; it need not be concerned about the quality, and it could build up the price to a figure which would cause the representatives of the other company to have no option but to fade out completely from the consideration of any proposition they might have in mind to process iron-ore in Western Australia.

The next part of the agreement has to do with a statement the Minister made when introducing the Bill. He told us that the Government would have to expend an amount of £200,000 to carry out dredging operations to enable the company to build a wharf at Kwinana and to allow the company's ships and others too, if necessary, to use those waters so that they could subsequently use the wharf. The Minister told us that the company would provide full interest and sinking fund until the whole amount is amortised. He went on to say that that would be done by payment to the harbour authorities and therefore the company would continue to pay dues to such authorities. I have searched the agreement very thoroughly and I am unable to find any specific provision to that effect.

The Minister for Industrial Development: There is no specific provision, but it is a calculation of the dues to be paid on the tonnage that comes in.

Hon. A. R. G. HAWKE: That is a different proposition altogether! The statement the Minister made to us in the House the other evening, when he was explaining the provisions of the Bill and the agreement, was clearly and decisively to the effect that the £200,000 to be expended by the Government for the ne-

cessary dredging of a berth and a swinging basin in front of the wharf that the company proposes to install and pay for was to be met subsequently by the company, which would provide full interest and sinking fund until the whole amount was amortised and that was to be done by payments to the harbour authorities.

The Minister for Industrial Development: That will be the effect of the charges in question.

Hon. A. R. G. HAWKE: Will it? Even on the basis the Minister now seeks to establish, will it? From what the Minister now says, there is to be some fiddling around with harbour or wharfage dues that the company has to pay for cargoes that are brought to Western Australia for the company, and by that method it is to pay interest and sinking fund over a very long period of years, I should say, until the full amount of £200,000 has been met or amortised. That is a peculiar way for a company of the size of B.H.P. to act in seeking to meet this expenditure by the State. One would think that it is struggling for financial existence. One would think that this agreement as a whole is loaded heavily against the B.H.P. instead of being loaded almost 100 per cent. in its favour. One would not imagine that a company of this size and standing, and with its financial resources, would want to meet this obligation upon a time payment basis and a very long period of time payment, I should say.

One other thing the Minister failed to tell us was just how much the Government will be called upon to expend in connection with the proposal of the company to establish a steel rolling mill at Kwinana. The Minister gave us no figures at all in that regard, and so we are left absolutely in the dark as to what the State is to expend out of its own financial resources to enable this steel rolling mill to be established.

The Minister for Industrial Development: Nothing beyond the amount I have mentioned.

Hon. A. R. G. HAWKE: That is not so, because it can be easily demonstrated that the Government will have to spend a very considerable sum.

The Minister for Industrial Development: Not of any substantial nature.

Hon. A. R. G. HAWKE: I do not know how substantial the expenditure will be. For instance, the Government takes upon itself the responsibility of keeping the dredged portions in order. It takes upon its shoulders under the terms of the agreement a large number of other responsibilities, all of which in future years will cost considerable amounts of money. The Government has undertaken to make all sorts of facilities available to the company at Kwinana. I do not say the Government should not do so.

The Minister for Industrial Development: They will be there for other purposes in the majority of instances.

Hon. A. R. G. HAWKE: But they will have to be extended in due course. I do not say that the Government should not do all these things; it should. On the other hand, the House is entitled to know, before completing its consideration of the Bill and the agreement, roughly what is the total amount in which the Government is involved with regard to direct expenditure respecting the establishment of steel rolling mills and, subsequently, of any other expenditure which under the agreement the Government takes upon its shoulders.

Earlier in my speech, I made reference to the fantastic gifts the Government is making to the company in extending the Cockatoo Island leases by a further 60 years and in giving the whole of the Koolan Island and Irvine Island leases to the company for the next 71 years. In the circumstances, there should be no need for me to refer again to that action of the Government, except in passing. The Government has imposed upon the company—and the company has accepted the imposition—a royalty of 6d. per ton on every ton of iron-ore taken from every one of the three islands I have mentioned. The Government has made the company a great, even a magnificent gift, with regard to the labour conditions that the company would be bound to obey under the provisions of the Mining Act. That particular part of the agreement lays it down that—

it shall be sufficient compliance with the labour conditions of all of the mineral leases if the horse power and labour employed on any one or more of the islands in connection with the winning of iron-ore from the said leases shall satisfy the total labour conditions of the whole of the said leases. For the purposes of this subclause every six horse power of machinery installed on the islands and used for the purpose of this agreement shall be counted as one man.

This concession to the company is very valuable. It would allow the company to continue working the Cockatoo Island lease without doing anything at all at Irvine Island or Koolan Island—and not anyone, not even the Government, could do anything about it. In other words, Broken Hill Pty. Ltd. could tie up Koolan Island completely for the next 20 years, or longer, if it suited the purposes of the company to do so. It would not matter a scrap if in that period a large English steel company or an American steel company wanted to establish itself in Western Australia.

The representatives of the company could go to the Government and say, "We have had a look at Koolan Island. No

iron-ore has been taken from there. B.H.P. has had the lease for 10 years"—it might be a matter of 15 years or 20 years or 25 years—"and has not taken one ton of ore from the island. Surely the Government can do something about giving us the right to take iron-ore from that island in large quantities so that we can use it in Western Australia to establish and operate an integrated iron and steel industry of a very large capacity".

No Government or any Minister who happened to be in office at the time could do anything but say to the representative of that company, "We are very sorry, but under the provisions of an agreement which a Government of this State made with the company and which Parliament of this State ratified in 1952, the company does not have to produce any iron-ore from Koolan Island so long as it does work on Cockatoo Island." It means that the labour conditions complied with under those circumstances would be sufficient to meet those applying to all three islands if they were spread over them instead of being concentrated on Cockatoo Island. The Minister or the Government certainly could say that Broken Hill Pty. Ltd. could sell up to 200,000 tons of iron-ore a year from Cockatoo Island but, as I mentioned earlier, the company could place all sorts of difficulties in the way of the other concern desiring to purchase that quantity of iron-ore.

Let me read the part of the agreement that deals with the question of establishing an integrated iron and steel industry in this State. This is the part of the agreement that gives B.H.P. a complete let-out from any responsibility with regard to establishing a steel industry in Western Australia. All the company has to do is to decide not to establish the industry, and that is the end of it—legally or in any other possible way. No one—neither Parliament nor the Government itself—could do anything about it. This is what it says—

It is understood between the State and the company that the aim of the parties is the establishment in the said State of steel-making furnaces (either open hearth electric or such other types as may in the opinion of the company prove suitable and economic) and auxiliary equipment to provide steel for the mill and while the company intends to pursue such establishment in good faith any decision in this respect by the company shall in no way affect any of the rights or obligations conferred or imposed upon the company by this agreement.

In other words, the company at some subsequent date could say to any Government in office here at the time, "We are very sorry but for this reason or that reason we cannot see our way clear to

establish an iron and steel industry in Western Australia after all". By that time the steel rolling mill would be established. The Government could say nothing to the company and could do nothing about it. Even though the company had not by that time taken one ton of iron-ore from Koolan Island, the company will remain in undisputed possession of Koolan, Irvine and Cockatoo Islands for the next 60 years.

Thus we are giving to the company a certain 40,000,000 tons of iron-ore at Cockatoo Island—20,000,000 tons above water level and 20,000,000 tons below that level and all minable. We are giving to the company 91,000,000 tons of iron-ore for certain on Koolan Island and probably another 95,000,000 tons of ore there as well. We are also giving the company the iron-ore on Irvine Island whatever the quantity there may be, and all these islands are to be in the possession of the company for the next 71 years. All the State is certain to receive in return, all we can legally demand of the company that it shall establish in Western Australia in return, is the rolling mill at Kwinana, which will roll steel billets which will be made not in Western Australia but in the Eastern States from iron that will be taken from one or other of the islands on our northern coast and shipped to Newcastle or Port Kembla.

I am not in a position to place a per ton value on the ore obtainable from the three islands in question. However, I think it would be safe to say that the ore would have a value of at least £1 per ton net to the company. Therefore, under this agreement we are asked to give to the company iron-ore for the next 71 years to a value of at least £120,000,000. —

The Premier: It takes a lot of money to mine a ton of iron-ore at Cockatoo Island or Koolan Island.

Hon. A. R. G. HAWKE: —with probable ore of an additional value of at least the same amount. Of course it takes a lot of money, as the Premier suggests, to get a ton of iron-ore from Cockatoo Island, Koolan Island or any other island. It takes a lot of money to get a ton of ore from anywhere. Does the Premier think it costs nothing to get a ton of iron-ore from Koolyanobbing? If he does, he should have a talk with the Minister for Industrial Development or the board of management of the charcoal-iron industry at Wundowie. Does the Premier not think it costs B.H.P. a lot of money to mine a ton of ore from Iron Knob and shift it to Whyalla for shipment to Newcastle or Port Kembla?

The Premier: Of course I do.

Hon. A. R. G. HAWKE: Of course it does.

The Premier: I know it takes a company like B.H.P. to get that ore.

Hon. A. R. G. HAWKE: There is no question about the amount involved.

The Premier: It costs colossal sums of money.

Hon. A. R. G. HAWKE: The Premier is arguing with himself, not with me. I am in total agreement with him as to the cost of producing a ton of iron-ore. That is not the question. It does not cost the B.H.P. a farthing for producing it. The company makes a profit on it. Surely the Premier, as Treasurer of the State, can see that! Why does the B.H.P. spend whatever the amount may be on producing iron-ore at Koolan Island; Iron Knob or anywhere else? Obviously the reason is that it is engaged in the iron and steel industry for the purpose of producing profit for the people who hold shares in the company.

The Minister for Health: It provides a lot of people with work.

Hon. A. R. G. HAWKE: The Minister cannot have an argument with me on that point. I agree with her. Even though she is a woman, she could not get up an argument with me on that point because I would agree with everything she said.

The Minister for Health: I cannot believe that.

Hon. A. R. G. HAWKE: The point the Premier raised is, in fact, not a point at all. The cost to the B.H.P. of producing iron-ore and transporting it to Port Kembla or Newcastle becomes part of the total cost of producing steel or pig-iron, and the total cost plus profit, depreciation, overhead, taxation and a lot of other items is paid finally by the people who buy the products of the company. That, however, is not the point.

The Premier: Do you think the company will make big profits in Western Australia?

Hon. A. R. G. HAWKE: I have already said that the B.H.P. will make a loss throughout the time it operates the steel rolling mill at Kwinana. The company knows that. It is not establishing a steel rolling mill at Kwinana because it wants to do so; it is only establishing that mill because it knows that it is getting Cockatoo Island, Koolan Island and Irvine Island leases at absolute bargain rates from the Government by undertaking to establish the mill. The steel rolling mill at Kwinana will be a flea-bite in the affairs of the B.H.P. The £4,000,000 it will spend in establishing this mill is cigarette money as far as the company is concerned.

I pointed out earlier that the steel rolling mill at Kwinana will result in loss to the company because, in establishments already operating at Port Kembla and Newcastle, it can produce all of the products that will be rolled at Kwinana and in a quantity to meet the full Australian demand. B.H.P. has not any necessity for a steel rolling mill in this State. Obviously it

would be much cheaper, much more economical and profitable for the company to continue to roll these products at Port Kembla and Newcastle rather than establish small separate works here to produce those requirements. I pointed out that the mill at Kwinana will operate for not more than six months of the year and probably for not more than three months of the year, because the agreement binds the company to operate the mill only to an extent necessary to meet the State's requirements.

That is why the employment benefits from the establishment of the steel rolling mill, boomed up as they have been, will not be very great. The average man employed in the mill will not get more than six months' work a year and probably he will get less. As the member for North Perth mentioned by way of interjection, the steel rolling mill is a sprat to catch a mackerel. I remember a representative of the B.H.P. being here in February or March last and giving a brief statement to a reporter of "The West Australian." Like all B.H.P. announcements, it was brief, but it was full of significance. He said that his company was interested in the raw materials that existed in Western Australia. Of course it is interested in those raw materials. The company has had its eye on them for many years; it has been chasing Koolan Island since long before the present Government took office.

The Premier: The company will keep the raw materials in Australia.

Hon. A. R. G. HAWKE: The raw materials at Koolan Island are being kept in Australia now and, what is more important, they are being kept in Western Australia. The B.H.P. does not undertake to keep them in Western Australia. The company proposes to monopolise them, though there is a worthless qualification in the agreement that the company must make up to 200,000 tons a year available to any company that might wish to use that quantity of iron-ore in this State. It is as obvious as the noonday sun that the company came into these negotiations and carried them on for one purpose only, that purpose being to get a monopoly of the control of Koolan Island iron-ore deposits and to get whatever extension it could of the Cockatoo Island leases and thereby, in effect, to tie up the most accessible, largest and best quality iron-ore deposits in Australia. At Cockatoo and Koolan Islands, the loading of iron-ore into ships is a comparatively easy matter, and therefore not costly.

The Premier: Not costly!

Hon. A. R. G. HAWKE: Not in a comparative sense. I understand, too, that the transport of iron-ore from Cockatoo and Koolan Islands will be by ship.

The Premier: A million-and-three-quarters spent at Cockatoo Island plus the provision of ships! That is pretty costly, is it not?

Hon. A. R. G. HAWKE: No wonder the finances of Western Australia have gone to pieces during the last six months when we have a man in charge of the Treasury such as the Premier!

The Premier: Answer the question! Is not that a substantial sum?

Hon. A. R. G. HAWKE: I answered the question a few moments ago when the Premier put it in a different way in relation to the high cost of producing a ton of iron-ore at Cockatoo Island. The same answer applies. B.H.P. is not a charitable institution.

The Premier: If any other company came here to start an integrated iron and steel industry, it would want the State Government to provide hundreds of thousands of pounds, probably a sum amounting to a million.

Hon. A. R. G. HAWKE: The B.H.P. is not a charitable institution. It is a highly-qualified business and commercial organisation, one of the most highly organised, best run and most efficient in the world.

The Premier: No doubt!

Hon. A. R. G. HAWKE: Whenever it expends a shilling, a pound, or a hundred, a thousand or a million pounds, it knows what it is doing.

The Premier: Yes.

Hon. A. R. G. HAWKE: And it knows that subsequently it is going to get all that money back, and in addition a very great profit. That is why the B.H.P. does all these things. As I was saying before the Premier interjected, the transport of iron-ore from Cockatoo Island, Koolan Island and Irvine Island will be by ship. The Premier will agree, I hope, that transport by sea, especially of a material like iron-ore, is ever so much cheaper than transport by road or by rail. Therefore, the B.H.P. has obtained, or will obtain if Parliament is so recreant to its trust and to the people of this State and the future welfare of Western Australia as to pass this Bill and this agreement, a complete monopoly of the biggest, the best-quality, and the most easily accessible iron-ore deposits in Australia. That is the position which the B.H.P. wants to get into and has been trying to get into for many years.

There is no shadow of justification for this agreement. It is hopelessly one-sided. It imposes on the State very great obligations. It makes to the company very great gifts, almost priceless, if we take into consideration the term of 71 years and the huge quantities of iron-ore that will be handed over to the company by this Bill and this agreement. In return for all those things, the company binds itself absolutely to do only one worthwhile thing

for Western Australia, and that is to establish a rolling mill in this State to roll steel billets which will be manufactured in some other part of the Commonwealth.

This agreement, as a complete agreement, is to have a currency of 50 years, which would be 50 years too long from the point of view of those concerned with the best interests of Western Australia, and certainly long enough from the point of view of anybody, no matter how biased he might be in favour of this proposal. Yet in the agreement it is provided that the company will be in a position to have the agreement extended for a further 21 years simply by asking that that be done. No Government at that time will be able to say, "This agreement has already run 50 years; it has already run too long and it is not to run a day longer." Not even the Government of Western Australia at that time would be able to say that to the company, because one of the later provisions in the agreement attached to this Bill gives the company the absolute and undisputed legal right to have the agreement extended for a further 21 years after its 50 years' stated currency has elapsed.

All in all, this Bill and this agreement are inimical to the best future interests of the State. The Bill and the agreement together constitute a complete sell-out in the political sense of the State's best and major iron-ore resources. They will, if they become law, make it almost impossible to have an integrated iron and steel industry established in this State except at an operational cost that would be far greater than would be necessary, if Koolan Island were held by the State until the B.H.P. or some other company or the Government itself established a fully-integrated iron and steel industry within Western Australia.

As I said earlier, if the Government and Parliament were to extend for 71 years from this year the Cockatoo Island leases that the B.H.P. now holds, that would be repaying the company 100 times over for its undertaking to establish a steel rolling mill at Kwinana. The question of the Koolan iron-ore deposits should be kept separate and apart and should be the subject of an altogether separate agreement, which should have relation to the intention of the B.H.P., if it is a genuine intention, to establish, if it be economically practicable to do so, a complete iron and steel industry in this State.

Let the Government and let Parliament say to the B.H.P., "If you want the Koolan Island iron-ore deposits under long-term leases, we will make an agreement with you of a temporary character for a temporary period, say, up to 10 years, which will bind us as a Government and which will bind Parliament to keep those iron-ore deposits reserved until your company has decided one way or the other whether

it could or whether it will establish an iron and steel industry in Western Australia." It could be written into that short-term agreement that the Government and Parliament would, if the company at the end of that period bound itself legally to establish an iron and steel industry in this State, make available the leases of Koolan Island to the company for a reasonable term of 40 or 50 years with some right of renewal.

I would support a proposition of that kind. I tell the Premier now that if this proposition was in the first place to extend the Cockatoo Island leases to the B.H.P. in return for the company establishing a steel rolling mill, I would support that as a separate proposition. If as another separate proposition, or as a complementary one, it was set down that the Koolan Island leases would be reserved to the company for up to 10 years, or until such time as the company was in a position to decide clearly and firmly yes or no as to the establishment of a complete iron and steel industry in this State, I would be agreeable.

I would be agreeable also to support such an agreement so that if the company said, yes, and subsequently bound itself to establish a complete industry in the State, then the company should, without question, be granted the Koolan Island leases. Is not that a fair and reasonable proposition in every way? No one can fault it. The Premier cannot fault it and neither can the Minister for Industrial Development or any other member. It is eminently fair, reasonable and just to everyone concerned. Why should we not do that? Surely we are not going to be mean and contemptible enough, as members of Parliament charged with the responsibility of protecting the assets of the State and safeguarding the future welfare of Western Australia, to give to the B.H.P. the huge deposits of iron-ore at Koolan Island for the next 71 years—

Hon. J. T. Tonkin: In perpetuity!

Hon. A. R. G. HAWKE: —in return for what is, after all, especially so far as the B.H.P. is concerned, a steel rolling mill of comparatively small proportions; a steel rolling mill which at the best will operate in this State for only six months of the year. I have never felt more strongly in my life about any proposition than I do about this one. This is the worst and most degrading proposition ever brought before this Parliament. It represents, as I said earlier, a complete political sell-out to a company which is in a position financially, technically and otherwise, to do a thousand times more in return for Western Australia than it legally binds itself to do under the agreement.

The Premier: That is pretty extravagant language, is it not?

Hon. A. R. G. HAWKE: It is not strong enough. When I asked the Premier a moment ago whether the propositions I put up were not eminently fair, reasonable and just, his mind and conscience would not allow him to say no.

The Premier: No, we are sticking to the agreement we have made.

Hon. A. R. G. HAWKE: Of course the Premier and the Government are sticking to the agreement, but that does not make it one scrap better. It still leaves it as being the wretched document it is and representing, as I said a moment ago, a complete sell-out by the Government to the B.H.P. The Premier's most recent interjection seems to indicate that it is a deliberate sell-out—a deliberate and willing attempt by the Government to give to B.H.P. an absolute monopoly control over the best, biggest and most easily accessible iron-ore deposits in Australia. If that is the mood, intention and determination of the Government, let the Government pursue its politically evil way. Let the Government go ahead and build up B.H.P., strengthen its monopoly, and then let the Government suffer the well deserved fate it will meet when the people of Western Australia have an opportunity to pronounce a verdict upon this rotten proposition. I strongly oppose the Bill and the agreement attached to it, and I trust a majority of members in the House will never sink so low, politically, as to allow this proposal to become an Act of Parliament in this State.

MR. YATES (South Perth) [10.25]: The Leader of the Opposition has spoken for 2½ hours on the Bill to give the B.H.P. the right not only to mine iron-ore in the islands in the North-West of the State, but also to establish a steel rolling-mill at Kwinana. I listened very carefully to hear any counter proposal that he might put up to members, but the only one he put forward was of such a weak character that it is not worthy of consideration, if it is compared with the Government's intention not only of establishing in this State a steel rolling mill, but of giving to one of the greatest companies Australia has ever seen or had anything to do with the right to mine iron-ore in the islands north of Western Australia. Members of the Opposition are derisive of the actions of the Government in this matter.

Mr. J. Hegney: Why should they not be?

Mr. YATES: Why should they?

Mr. Lawrence: You have been listening to the reasons for 2½ hours.

Mr. YATES: I shall quote some past history of the Labour Party in connection with the iron-ore deposits in the North, and it will make interesting reading.

Mr. Graham: It will not excuse this move.

Mr. YATES: Never mind about excuses. I quote from "Hansard" of 1938, page 447, as follows:—

Motion—Yampi Sound Iron-Ore Deposits.

Commonwealth Embargo.

THE PREMIER (Hon. J. C. Willcock—Geraldton) [4.40]: I move—

That this Parliament of Western Australia emphatically protests against the embargo placed by the Commonwealth Government on the export of iron ore from Australia, in view of its disastrous effects upon the development of the State. We consider that the information available does not warrant such drastic action, and we urge the Commonwealth Government to remove the embargo.

The purpose of the motion is to enable members of this Parliament to express their views on what the Government considers to be a most iniquitous abuse of power by the Commonwealth Government. The prohibition on the export of iron ore from Australia has struck a terrible blow at the welfare of this State. I believe that members of the Federal Government, and many people in the Eastern States, do not appreciate just how serious this blow really is to Western Australia, and it is hoped that the motion, and the discussion upon it, will assist to engender a better understanding of the issues involved and their effects. The embargo arose directly as the result of the development of the iron ore deposits at Koolan Island. It is undeniable that, had the Yampi Sound deposits remained unexploited, the question of the curtailment of the export of iron ore from Australia would not have arisen at this stage. I am quite confident that the terms of the motion will commend themselves to members of both branches of the Legislature. The Government invites members to express their opinions and to demonstrate the views of all sections of the people of the State regarding what I may term the wholly unwarranted interference with the development of Western Australia by the Federal Government through placing an embargo on the export of the iron ore. The Government invites members to urge, even at this late stage, that that decree be rescinded.

I propose to show some of the far-reaching effects the action of the Federal Government has had on this State. The most important, to my mind, is the death-blow that has been delivered to the hopes of an immediate and extensive development of the North-West. Ever since Western Australia has been occupied the North-

West has presented one of our most difficult problems. The pastoral industry, which has undertaken the development of that portion of the State, has been hampered by the difficulties of distance and isolation. Pastoral pursuits in that area necessarily involve very large holdings settled by a small number of people.

I do not think it is quite realised how sparsely settled is that part of the State. There is only one white person to every 62 square miles of the Kimberleys. That fact will help towards a realisation of the necessity for closer settlement in that part of the State if we are to do something towards its development. In this instance, with the development of the iron-ore deposits at Yampi Sound, we had an opportunity to establish an industry that would have had a tremendous economic effect on the lives of the people of Western Australia. And when that industry is in the process of being established, with one fell swoop and one savage blow, our hopes of development are dashed to the ground. We have always felt the necessity for the establishment of some large-scale industry in the North-West to provide the nucleus of a larger population. By the extent of its ramifications, the effect of such an industry would be felt throughout that part of the State.

Further on, the then Premier continued—

I have endeavoured to arrive at figures showing the actual losses the State will suffer following upon the loss of the iron industry. The figures I shall quote are based on the export of only 1,000,000 tons of iron-ore per annum for 15 years, which was the latest proposition submitted to the company, supported by the State Government but rejected by the Commonwealth Government.

The amount of royalty lost will be £250,000.

That was over the 15 years.

Wages lost, which would have been paid to Western Australian workers, reckoning 200 men at an average of £6 10s. per week, approximately £1,000,000.

Purchase of mining stores, etc., would have meant at least £50,000 to the State.

The arrival and departure of 120 ships a year would have involved the spending of, say, £90,000.

Harbour and light dues payable would have amounted to £60,000.

Mr. Hoar: Are you trying to use that to justify this Bill?

Mr. YATES: I will justify the Bill after I have finished quoting from "Hansard." Further on, Mr. Willcock continued—

We have it on the authority of the Japanese people that they are now importing chilled beef from South America and that it would be, competitively speaking, a much better proposition to import live cattle from the North-West from where there would be a direct sea trip of 10 or 12 days to Japan, compared with a much longer journey for the chilled beef from the other side of South America.

Hon. C. G. Latham then interjected and said that the cattle would be in very poor condition when they arrived in Japan.

Mr. Hoar: That has a lot to do with iron-ore!

Mr. YATES: It would take too long to quote from "Hansard" all that was dealt with at that time, but the facts of the case were that it was proposed to ship cattle from the North-West in the iron-ore ships to Japan, and that those vessels should take not only iron-ore but also beef cattle away. After Hon. C. G. Latham had interjected, the then Premier tried to prove to the House that fat meat would not be required in Japan, because the Japanese did not use it and that the leaner the cattle were on arrival the better the Japanese would like them. He continued—

Of course it was not going to deal in cattle. The company intended to deal in iron-ore; but if there were a direct line of steamers from Derby to Japan and if advantageous freight rates could be secured, and such could be secured because the ships would have to make the passage in any case, it would not be very difficult to build up a trade in cattle in the way I have indicated. Of course, members can cast doubts on that, but it has been stated by the people in Japan. We know the source of the statement. We know also that people living in equatorial countries do not desire fat meat.

At page 451, Mr. Willcock continued—

The only reason advanced by the Commonwealth Government is that the reserves of iron-ore in Australia are so small that the situation is alarming.

In arriving at that decision, the Commonwealth acted on the advice that there were only two satisfactory deposits of iron-ore in Australia at Iron Knob and at Yampi, the former estimated to contain between 150,000,000 and 200,000,000 tons and latter between 63,000,000 and 90,000,000 tons. The official estimate of a former State Mining Engineer, the late Mr. A. Montgomery, was that at Yampi there were 97,000,000 tons, and that that total could be multiplied manifold if the probable underground reserves were taken into consideration. There is a considerable differ-

ence between the estimates of the late Mr. Montgomery and Professor Woolnough, who is the Commonwealth Government Geologist. Looking at official publications for some years back to ascertain the probable iron-ore reserves of Australia, I find that a Statement was published by Imperial Mining Resources Bureau in 1922 showing that Australia had actual known reserves of 345,000,000 tons, and probable reserves of over 500,000,000 tons. Western Australia alone was estimated to have 156,000,000 tons, with probable reserves of 450,000,000 tons. I believe those figures are substantially correct.

Mr. Needham: Where does this lead us?

Mr. YATES: At page 551, Hon. C. G. Latham stated to the House—

On the 31st August, 1937, the Prime Minister made the following statement:—

I wish to dispel any misapprehension that may exist regarding the attitude of the Commonwealth Government in connection with the export of iron-ore from Yampi Sound. A preliminary survey of the potential supplies of iron-ore has revealed the existence of very considerable deposits, sufficient for all our requirements for a great many years ahead. However, this survey is incomplete, and it is believed that much greater supplies exist than have been taken into account in the preliminary survey. A more detailed and comprehensive examination is now in hand. The leases in connection with the proposed export of iron-ore from Yampi Sound were granted to Brassert & Co. by the present State Government of Western Australia. The Commonwealth Government is aware of no reason why it should interfere. The Government therefore does not think it likely that the necessity will arise to limit the export of iron-ore. The responsibility for constant watchfulness over the conservation in the national interests, not only of our iron-ore resources, but also of the essential non-ferrous metals, is one which falls on the Commonwealth Government. This responsibility the Government accepts and will act upon whenever and in whatever connection it is necessary.

Mr. May: Did you ever hear of "Pig-iron Bob?"

Mr. YATES: That is a long story, and I do not intend to discuss it here. What I have quoted from "Hansard" proves that not far back—in 1938—a year before the declaration of World War II, the Labour Government in power in Western Australia was anxious to open up the

iron-ore deposits at Yampi Sound, also having in mind those at Cockatoo Island. The then Premier, Mr. Willcock, made it clear not only to the House in general but also to members of his party, who supported him throughout—

Hon. E. Nulsen: Not all the members of his party supported him.

Mr. YATES: The majority did.

Hon. E. Nulsen: I made a speech in 1936 objecting to any iron-ore being exported.

Mr. YATES: The majority of Mr Willcock's party supported his move to open up the iron-ore deposits and give to a Japanese company which was known to have assets of £30,000,000 or more, and which had established iron industries throughout the world a concession and the right to come to Western Australia and mine our iron-ore deposits at Yampi Sound.

Hon. J. B. Sleeman: What was the name of the company?

Mr. YATES: I think it was the Nippon Company, but, as the then Premier stated in his speech, that was the main company, for which Brasserts were the agents.

Hon. J. B. Sleeman: Brasserts were the people who were doing the business.

Mr. YATES: They were only the agents for the Japanese combine.

Hon. J. T. Tonkin: Do you think the present Government is entitled to tie up these resources for ever?

Mr. YATES: I am trying to establish a case and am not discussing what the Government is entitled to do. I am trying to prove to the House that there has been a complete change of front by the Labour Party.

Mr. Lawrence: Rubbish!

Mr. YATES: There has been because in 1938 the hon. member's party was quite happy to give away these iron-ore deposits to a foreign country.

Mr. Lawrence: No agreement was made.

Mr. YATES: The hon. member's party was quite happy about that.

Hon. E. Nulsen: For how many years?

Mr. YATES: Fortunately for the hon. member and the people of this State that move was stopped by the Commonwealth Government. It was to be given away to a foreign power when within 12 or 15 months we might have been at war with Japan and the iron would have been used to shoot back at us.

Members interjected:

Mr. SPEAKER: Order!

Hon. E. Nulsen: Do you know what the terms of the agreement were?

Mr. YATES: I might inform members that I did not interject when the Leader of the Opposition was speaking.

Hon. J. B. Sleeman: He did not make a speech like you are. He told the truth.

Mr. YATES: I did not agree with all he said.

Hon. J. B. Sleeman: He did not make any mis-statements.

The Minister for Industrial Development: Of course he did. He made dozens of them.

Mr. YATES: Members are entitled to be told the truth.

Mr. Manning: They do not want us to know that they were going to give it to the Japanese.

Mr. YATES: Throughout its long association with industry in Australia, B.H.P. has proved of great benefit to the Commonwealth as a whole. No member of this House can deny that. The company's business dealings, its association with its staff, its handling of industrial problems and its establishment of industries throughout Australia have been second to none in Australia or in the British Empire.

Mr. May: They have never made a deal like this one before.

Mr. McCulloch: They have a monopoly now.

Mr. YATES: Members might like to know that the deposits of iron-ore at Iron Knob, which is the main source of supply for B.H.P., have a very short life.

Mr. Graham: That places us in a better bargaining position.

Mr. YATES: Before the war the company was mining approximately 1,000,000 tons a year.

Mr. Hoar: The Premier has sold the State.

Mr. YATES: At present the output has increased to 5,000,000 tons a year and at that rate the known deposits at Iron Knob should be worked out in approximately 15 to 20 years' time, and the company is forced to find other iron-ore deposits so that it can maintain a continuity of work and service to the Commonwealth. To listen to the interjections that have been made one would think that B.H.P. was an enemy of the people of this State.

Hon. E. Nulsen: Do you believe in monopolies?

Mr. YATES: No, I do not believe in monopolies, either private or State, but I have never expressed an opinion on it.

Hon. E. Nulsen: You are opposing this Bill, then.

Mr. YATES: No, because I have never expressed an opinion in this House on monopolies.

Mr. Perkins: When the Government of the day established the Wundowie charcoal-iron industry it got technical advice from B.H.P.

Mr. YATES: Yes.

Mr. Graham: Nobody is criticising the company; we are criticising the Government and the agreement.

Mr. YATES: B.H.P. must secure further iron-ore deposits and this iron-ore will be mined for the benefit of the Commonwealth. I do not think any of it will go to Japan or any other foreign power and I believe that it will be kept within Australia and so used for our own purposes.

Mr. Hoar: Have you any guarantee of that under the Bill?

The Premier: Yes.

Mr. Hoar: No.

Mr. YATES: The Leader of the Opposition talked about giving away our birthright and I know he was very sincere in his efforts to try to influence members to change their minds about the Bill introduced by the Government. The hon. member had every right to do that and I am sure that when Mr. Willcock introduced the motion to which I have already referred, the present Leader of the Opposition was not in favour of it. There is no mention in "Hansard" of his having supported that proposal, and I would say that at that time he was against giving away our iron-ore deposits, not only to Brasserts but also to the Japanese company or anybody else. The Leader of the Opposition feels that these deposits should be kept either in the ground forever or worked by the Government. Government undertakings in this State have not been very successful.

Mr. Graham: T.A.A. was too successful.

Mr. YATES: I am talking about State undertakings. Look at the losses at Wundowie! If the member for East Perth will bear with me and allow me to continue my speech, I hope to prove my point. The losses at Wundowie, in 1949-50, were £117,611, and for 1950-51 they were £101,185. Those are the latest figures I have because the Auditor General's report for this year has not yet been received.

The Premier: Yes, it has.

Mr. YATES: Section "B" has not yet been received. The figures I mentioned refer only to those two years.

Mr. Graham: This Government is making decent losses.

Mr. YATES: At least those losses will be curtailed. There have also been losses in other Government undertakings and for the year ended the 30th June, 1951, the loss on the Goldfields Water Scheme was £313,000 and on the State alunite industry it was £48,817.

Hon. J. T. Tonkin: And if the Government charges up against it some more cement that was never used it will make a bigger loss.

Mr. YATES: The Estimates for the year ending the 30th June, 1953, although they are not accurate, show an estimated surplus for the State Engineering Works of £14,000, the State Brick Works a surplus of £6,780 and for the State Saw Mills a surplus of £6,701. It is estimated that the State Shipping Service will show a loss of £471,237 and the Wyndham Freezing Works a loss of £23,359, while the State Hotels are estimated to make a surplus of £1,905 and the West Australian Meat Exports a surplus of £16,920, making an estimated total deficiency for all State trading concerns of £448,290.

Mr. May: Why do you not get rid of them?

Mr. YATES: The establishment of those trading concerns did not cost countless millions of pounds as would be the case if this State were to embark upon a project to recover iron-ore. In the first place I do not see how this State Government could secure the finance necessary to establish such an industry and in the second place I do not see how the Government could make it pay, especially when we realise that very few State trading concerns ever do pay their way. I could have dealt with the railways and many other public services that have, over the years, cost this State many millions of pounds.

Hon. E. Nulsen: Up to 1946 the State railways did a wonderful job and did not lose any money.

Mr. YATES: I did not quote the railways.

Hon. E. Nulsen: You said that they have made losses.

Mr. YATES: They have since then and the undertakings I quoted should make profits.

Mr. Hoar: How do you expect the railways to make a profit?

Mr. YATES: Costs are rising all the time and these concerns, over the years, have shown either losses or small surpluses and the same is estimated for the year 1952-53. Had these concerns been run by private enterprise they would most probably have made profits.

Mr. Lawrence: That is all tripe.

Hon. J. T. Tonkin: Like A.N.A.?

Mr. YATES: We have the State hotels throughout Western Australia and several of them have monopolies. Their estimated income this year is £190,000 and out of that total it is estimated they will show a profit of £1,905. Any tinpot hotel can show a profit of £1,900 a year.

Hon. E. Nulsen: You have not gone into the accountancy side of it.

Mr. YATES: I know all about that and also the sinking fund, interest and so on, but it does not get away from the fact that though a Government concern has a complete monopoly it still does not necessarily make a profit.

Mr. Hoar: Rubbish!

Mr. YATES: Some State hotels have a monopoly. Take Bruce Rock for example! That is one of the best hotels in the State.

Hon. E. Nulsen: If they were on the basis of commerce it would be a different picture.

Mr. YATES: Giving away free beer and so on.

Hon. E. Nulsen: They would show a greater degree of profit than they show here.

Mr. YATES: They are not showing a profit.

Mr. SPEAKER: Order!

Mr. YATES: If the B.H.P. establishes itself in this State, more employment will be offering to workers, a fact overlooked by the Leader of the Opposition. Any business undertaking established in the State can do nothing but good provided it is assured of a continuity of labour and good working conditions, which have not been denied to this company. The red herring drawn across the trail by the Leader of the Opposition in regard to the steel rolling mills refers only to a small undertaking which the B.H.P. is committed to establish for the benefit of this State and not for itself. The B.H.P. is not an individual.

Hon. J. T. Tonkin: Did you say it is "committed"?

Mr. YATES: Of course it is committed. It is committed in the same way as any other business undertaking to work on in perpetuity in this State, otherwise it must close down its operations. It must look ahead for its future requirements in the same way as any other commercial enterprise, and in this State it has found what it requires. That is necessary, not only for the continuation of its operations but for the benefit of the whole of the community.

Mr. May: It is right for 71 years.

Mr. YATES: I am pleased about that and every clear-thinking person will take the same view. Many members have derided the efforts of the B.H.P. during the war. Mention has been made of the fact that other companies did as good a job. However, we must commend the B.H.P. on its products and on the fact that it has produced steel at the cheapest price in the world.

Members interjected.

Mr. YATES: It is very difficult to make a speech in this way, Mr. Speaker, I am speaking as loudly as I can over the heads

of members. It is not fair for them to interject because it is not my habit to do so while they are speaking.

Members interjected.

The Premier: Why not keep quiet?

Mr. SPEAKER: Order!

Mr. YATES: I am not hurt by the interjections, but I am finding it difficult to make myself heard. Members of the Opposition are trying to belittle what I am saying and endeavouring to convey.

Mr. Lawrence: We do not know what you are trying to do.

Mr. YATES: That applies also to the member for South Fremantle. He never knows what he is trying to do.

Mr. Graham: You are making a very poor job of it.

Mr. YATES: I cannot do otherwise with so many interjections.

The Premier: The member for East Perth gets so much practice because he is always on his feet.

Mr. YATES: I cannot see the reason for the objection raised by the Opposition against the working of the iron-ore deposits. Many attempts have been made to do so over the past 45 years. In fact, the history of such attempts goes back to 1907 when an interest was taken by a business undertaking in the mining of the iron-ore on the Cockatoo and Koolan Islands. Leases on those Islands were originally applied for and granted in 1910 to the Australian Prospecting Association, but were later forfeited to a person named Thomson because of a breach of labour conditions.

From that time to the present day many efforts have been made to form a company with the capabilities and with the will to carry on against many difficulties, and to establish permanently on those islands an undertaking to produce iron-ore for the benefit of the Commonwealth. In those days the promoters of such ventures were given the right to ship the ore oversea in the same way as a previous Government tried to do in 1938, when it was most incensed at the efforts to prevent it by the Commonwealth Government of the day which could see much more clearly than could the State the writing on the wall because of the world conditions existing at that time.

Mr. McCulloch: It could see the writing on the wall?

Mr. YATES: Yes, it could see the writing on the wall in relation to implications arising from the outbreak of war and the effect that the export of iron-ore from Western Australia would have. In 1933 H. A. Brassert and Company conditionally surrendered their leases upon the granting of new leases Nos. 29 to 35, and these were also conditionally surrendered in 1948 upon the granting of

new leases Nos. 44 to 49. So the efforts of Brasserts Ltd., which was a well-known New York firm and had large mining interests in other parts of the world, did not do much in the North to produce iron-ore for use in this State or for its own use. In fact, most companies that have applied for mining rights to mine iron-ore in Western Australia have applied to the Government for financial assistance, not only to help them become established, but also to carry them over the first two or three years of their operations. This has proved to be rather a heartbreak to the Government, because none of the firms has made a success of the venture and the Government has been the loser.

The B.H.P. has approached the Government with a different story. It is prepared to pay a royalty of sixpence a ton which, if the company mines one million tons of iron-ore a year, will provide an income to the State of £25,000 per annum. This will definitely help to open up the North-West, as was envisaged by the Premier in 1938 when he was appalled at the drift of labour from Cockatoo and Koolan Islands with consequent loss to the North-West and lack of an impetus that would be given to that area by the establishment of an iron-ore industry. Therefore, such an industry in the islands will bring a fair measure of success not only to the company but also to the people of the North.

Shipping must necessarily call into the ports and arrangements will have to be made for the picking up of stores for the North and this, I should think, will greatly assist the State Shipping Service. Any industry that can be attracted to the North-West should be encouraged provided we are assured that it will be of benefit to the State in the future. I have no doubt this company will ultimately prove that its operation will result in nothing but good.

Mr. Styants: Do you think that sixpence a ton is sufficient for the company to pay to mine iron-ore in these times?

Mr. YATES: I do not know; I would prefer that to be reviewed. The Government wants that arrangement to be spread over a number of years and whether that is advisable or not I could not say, having in mind the steady rise in costs and prices and also the agreement that was entered into with the Perth City Council for the supply of electricity. I would not care to see the agreement in force for 71 years, because the royalty might be worth considerably more than sixpence a ton by the time that period had elapsed.

Hon. E. Nulsen: It is for more than 71 years; it is in perpetuity.

Mr. YATES: I believe quite a large sum of money has already been spent at Cockatoo Island by B. H. P. I understand

it is in the vicinity of £1,750,000 and that there are 100 men employed there. That is sufficient proof that the company is interested, especially in view of the fact that the venture is a gamble. If the Bill is not passed, any actions by a future Government might prevent the B.H.P. from carrying on its work which would result in its losing everything. The fact that it has spent that money and is prepared not only to employ a greater number of people, but to spend millions of pounds more for the mining of this ore, is sufficient proof that the company's intentions are honourable. I am quite certain that it will abide by the agreement yet, though the Leader of the Opposition does not see much force in the document, it is one that does bind the company to many provisions and one which will ensure fair and equitable treatment between the company and the Government.

Mr. McCulloch: How much ore is it shipping?

Mr. YATES: I am not in a position to say how much it is shipping. It estimates that it will ship 1,000,000 tons a year, though it may not ship quite so much in the initial stages; it is probable the company may be concentrating on establishing its works. It is only reasonable to assume that in the first year or so, that is in the initial stages, the mining of ore will not be the main consideration.

Mr. Moir: Why does it want to concentrate on one island?

Mr. YATES: It might be established on one island at the moment because of shortage of equipment and for other reasons, but in the future I can see it spreading to both islands.

Mr. Moir: Any mining company can get an exemption for the purpose of establishing itself on an island.

Mr. YATES: It is possible that the company will not spread its resources over the two islands in the initial stages because it may cost too much.

Mr. May: It has all the ore it wants at Cockatoo Island, without worrying about Koolan Island.

Mr. YATES: Any business man would take the cheapest way out. It is necessary for it to mine ore on two islands at the same time provided it carries out the terms of the lease—

Mr. May: Then why give it Koolan Island?

Mr. YATES: —and establishes the industry in its initial stages; there would be nothing wrong with that. It may mine on one island for a portion of the year and on the other for the rest of the year. I do not know the intentions of the company; nor does the hon. member. It has been given the leases of both islands and its intention is to establish itself on both islands and mine both of them.

Mr. Moir: Do you not think it wants to bind the iron-ore on the other island?

Mr. YATES: I do not think so. Although I am always glad to answer interjections, the number of interjections which have been made by members of the Opposition indicate that they are trying to drown me and prevent me from having my say.

Mr. May: It shows we are interested.

Mr. YATES: I think it was an attempt to prevent me from speaking. Every member is entitled to express his opinion. There must be a change in the opinion of some members, because on going through "Hansard" I find there appeared to be one or two who were in favour of the iron-ore from these islands being sent to Japan. The name of the company was mentioned by the Premier, and the number of organisations it owned throughout the Pacific.

Hon. E. Nulsen: Who are those members?

Mr. YATES: There are some members who have proved this by interjection.

Hon. E. Nulsen: I will disprove it.

Mr. YATES: The hon. member might be able to do so because I did not see his name mentioned among them. There are a number of members whose names appear and by interjections they show that they desire what I have just referred to. I strongly support the Bill and trust the activities of the B.H.P. Company in this State are successful. I feel convinced the company will do a good job in establishing a steel industry here.

On motion by Mr. Bovell, debate adjourned.

BILL—WAREHOUSEMEN'S LIENS.

Message.

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

Second Reading.

Debate resumed from the 23rd October.

HON. E. NULSEN (Eyre) [11.5]: I do not intend to keep the House very long on the Bill, which is to amend the law relating to the warehousing of goods. The warehousing of goods came under the provisions of common law for many years. I do not know why the Bill should be brought down at all because for the eight years I was the Minister for Justice I did not have one complaint concerning the warehousing or storage of goods. If the lien is not taken within three months, then it cannot be taken at all. What will happen in regard to a warehouseman? I would like the Attorney General to let me have that information when he replies. I notice that the warehouse people are very well

protected. There is no doubt that it is a warehousing Bill. There is a provision in it to the effect that—

The lien shall be for the amount of the warehouseman's charges, namely—

- (a) lawful charges for storage and preservation of the goods;
- (b) lawful claims for insurance, transportation, labour, weighing, packing, coöpering and other expenses in relation to the goods; and
- (c) reasonable charges for a notice required to be given by this act, and for notice and advertisement of sale, and for sale of the goods where default is made in satisfying the warehouseman's lien.

As far as the warehouseman is concerned, there is every charge mentioned, but I have not noticed anything in regard to the person who stores his goods. There is nothing in the Bill to indicate the fees these people may charge. Will the Attorney General let me know whether provision will be made by regulation in regard to the fees to be charged by warehousemen, or will they be permitted to charge what fees they like? What redress, if any, will those people have that are storing their goods? I see that the Bill also provides that a notice given under this Act by registered post shall be deemed to be sufficiently addressed to the person to whom it is sent if it is sent to him at the last address of such person known to the warehouseman. I do not know whether that would be sufficient, because the person may change his address at any time and, if he were not there, it might leave him in a difficult position and probably at a disadvantage. So when the Minister is replying to the few words I have to say I would like him to explain that aspect.

Adequate protection is provided for the warehouseman and I do not think he has anything to fear, but I wish to know what protection exists for those people who warehouse their goods. What protection have they in respect of charges by the warehouseman? Are they protected by law or must they pay charges in accordance with common law? Under this Bill, I cannot see that any protection at all is provided for them. I do not know how the Bill can be amended, but I am wondering what the position of a person would be who warehoused his goods and was charged more than was fair and reasonable. What redress would he have under this measure? If there is no redress under this Bill, what redress would he have at common law? I support the second reading and hope the Minister will explain the points I have mentioned.

THE ATTORNEY GENERAL (Hon. A. V. R. Abbott—Mt. Lawley-in reply) [11.11]: In reply to the member for Eyre, I point out that the term used in the Bill is "lawful" charges. These could only be charges that were specifically agreed to, or, if not agreed to, reasonable charges as decided by the court. That applies to any other purchase of service. The parties either agree specifically to the amount, or the charges must be reasonable having in view the services rendered, and the question whether they are reasonable or not is a matter for the court to decide. That is what would happen under the Bill.

The second point raised by the hon. member was that of notice. These notices are to be given to people who claim an interest in the goods. The Bill provides that the warehouseman shall, within three months after the date of the deposit of the goods, give notice of the lien to a person who has, before the expiration of two months after the date of the deposit of the goods, served upon the warehouseman a notice of his claim to be the owner of the goods or to have an interest in them.

Hon. E. Nulsen: Suppose he does not serve that notice?

The ATTORNEY GENERAL: That does not affect his position. If he gives notice that he claims that the goods stored are his, he may not have been the actual man who entered into the storage arrangement. That arrangement might have been made without authority or for some other reason. If the owner says, "Those are my goods" and if he does so within two months of the storage, then—

Hon. E. Nulsen: He has a lien?

The ATTORNEY GENERAL: No, the warehouseman must claim the lien. The notice applies also to the grantee of a bill of sale. The warehouseman is bound to ascertain whether there is a bill of sale over the goods and, if so, he must give notice. That is intended to protect the mortgagee of the goods. In other words, if there is a bill of sale, the warehouseman is bound to ascertain that fact and to give notice claiming his lien. That gives the mortgagee the right to protect himself by paying for the goods and entering into possession and not building up a big account for storage.

Also notice must be given to any other person of whose interest in the goods the warehouseman at any time before the expiration of two months after the date of the deposit of the goods has knowledge. If he has become aware within two months of any person having an interest in the goods, he is bound to notify that person that he is claiming a lien. If not, he has no lien against that person and would not have a claim at law, because the claim at law can be made only against the person who made the

actual contract, and would not be a claim against any holder of a bill of sale or anyone who had an interest which was above that of the person who stored the goods.

Service of notice applies only to those persons who have given notice, or of whom the warehouseman is aware, or a person being a grantee of a bill of sale, or a person that the warehouseman has ascertained has an interest in the goods. In those circumstances, that is reasonable notice. To what address could the warehouseman send the notice other than as disclosed at the bill of sale office, or if somebody has served the notice on him, to the address disclosed in the notice, or, if he is aware of some other person having an interest in the goods, then to the address of that person known to him?

Hon. E. Nulsen: He could easily be penalised.

The ATTORNEY GENERAL: It is possible that he might be penalised, but only to the extent of the lien, and surely if a man has used an address in a bill of sale, it is his responsibility if notice is sent to that address!

Question put and passed.

Bill read a second time.

In Committee.

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

BILL—RAILWAY (MUNDARING-MUNDARING WEIR) DISCONTINUANCE.

Second Reading.

Debate resumed from the 23rd October.

HON. E. NULSEN (Eyre) [11.20]: I have no objection to the Bill, because the people in the hills seem to be satisfied with it. The line is only 4½ miles long, and is no longer used for its original purpose. Rail transport of goods for that short distance is of no advantage; it is better to use road transport and convey the goods direct to their destination. The same applies to the conveyance of passengers. I thought there might be some inconvenience caused in this connection, but there are buses to meet the needs of the people. If it had been proposed to discontinue a railway of any magnitude in the back country, I would have voiced strong opposition, because we have already pulled up railways in the outback that should never have been removed.

There has been talk of the Malcolm-Laverton and Meekatharra-Wiluna lines being discontinued. If proposals of that kind are brought here, I shall strongly object, because those railways serve pastoralists and the producers of the real wealth of the country, who are living under adverse conditions. However, the removal of

this small line will not affect the development of the country to any great degree, and as the people themselves are not voicing any opposition, I have no objection to the measure. I merely wanted the House to know that if it were proposed to discontinue a railway that served people in the back country, I would strongly object. I support the second reading.

MR. OWEN (Darling Range) [11.22]: This Bill is similar to one introduced some two years ago for the discontinuance of the Upper Darling Range railway. This is the second railway line within my electorate which has outlived its usefulness. The Mundaring Weir branch line is somewhat similar to the Upper Darling Range line inasmuch as it was not built by the Railway Department. It was constructed for other purposes and later taken over by the department. It was primarily established to carry materials for the building of the original weir. However, it did great service for the district, particularly by carrying timber and products of the land from that small section of the State.

Now that the area is largely tied up with the water supply project and forest reserves, there is little settlement along the route of the line, and most of the firewood there is required for the pumping stations that pump water to the Goldfields and country areas. Only a small quantity of fruit and vegetables is grown in the area, and that is easily conveyed by road transport. The residents in the Mundaring Weir area are mainly workers, either for the Forests Department or the Water Supply Department, and they are fairly well served by bus; and if the railway is discontinued it will not inflict any hardship on them. I have heard no objections from the people or from the road board concerned.

To me it always seems a matter of regret that a railway that has been of considerable importance to the State and has considerable historical significance should have to be closed because it has outlived its usefulness. Many members will recall the time when the weir overflowed and the Railway Department officially commenced its "Springtime in the Hills" excursions. For many years, thousands of people from the metropolitan area were carried by rail to view the beauties of the weir as it overflowed, and around that tourist trade quite a big settlement was established. The Jacoby family built up the Goldfields Hotel to large proportions, catering for many hundreds of visitors. Those facilities are still available to tourists but are not used to the same extent as in pre-war years.

In these days, tourists are usually carried by car or bus. People stay for an hour or two and then drive on. But in the good old days, when the railway was the only means of communication with that centre, people used to go there and stay

for half a day and sometimes for a full day. Many visitors to this State have left their autographs at the Hotel, and Fred Jacoby takes great pride in pointing out to present-day visitors that people from Switzerland or England or other parts of Europe visited the establishment on such-and-such a date.

One thing about which I am concerned is that the Bill provides for using the material of the railway for replacements elsewhere or for building other railways, and for the sale of sleepers and other railway equipment. I would again point out to the Minister that if there are any sleepers or other materials to be disposed of, preference should be given to local settlers so that they can make use of them on their holdings, thus being saved the necessity of bringing them from outside the district. When the Darling Range railway was closed, comparatively large quantities of sleepers which were fit only for firewood, and No. 3 grade sleepers, were disposed of to settlers in the area, who made good use of them. I hope the Railway Department will extend the same privilege to residents in the Mundaring area with regard to the disposal of the railway equipment there. I support the second reading.

Question put and passed.

Bill read a second time.

In Committee.

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

BILL—MARKETING OF ONIONS ACT AMENDMENT.

Second Reading.

Debate resumed from the 23rd October.

MR. LAWRENCE (South Fremantle) [11.31]: I commend the Bill because the amendment has been brought down at the wish of the grower, and it has the blessing of the board. That was explained by the Minister. Under the Act the board can pay the grower only a set price for his onions. The amendment will allow it to determine the amount to be paid by taking into account any circumstances which it considers relevant.

The Act at present requires the board to pay the growers the same price throughout the season, and it can vary the price only by the issue of proclamations so that when, due to various circumstances, the price to be paid to the grower is altered, it can be varied again only by the issuing of a further proclamation, which means that the Governor would have to be approached possibly every fortnight to see that the grower got equitable payment, and this would result in heavy administration costs.

I believe the Bill will effectively improve the industry in regard to the storing of onions, because it will mean that a premium will be paid to the grower, and if it were paid to the early-season grower, the mid-season and late-season growers would be encouraged to store onions in cool stores. A big problem in regard to the Bill is the fact that at present, due to interstate trade, we have considerable parcels of South Australian onions on the market which naturally upset the price to be set. These matters can only be adjusted by the board being given power to take all the circumstances into account and thus set a price so that an equitable payment can be made to the grower. I commend the Bill.

Question put and passed.

Bill read a second time.

In Committee.

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

BILL—ACTS AMENDMENT (CONFESSIONS BY NATIVES).

As to Postponement of Order.

MR. BRADY: Before the next item is called on I would like to mention that item No. 7, Acts Amendment (Confessions by Natives) Bill was to have been heard tonight, but the Premier had it postponed. A number of people are interested in the Bill, and I was wondering if the Premier could indicate whether it will be brought on tonight, or sometime during the week.

The PREMIER: I can only say that it is not proposed to go on with the Bill tonight. I sent the hon. member a note earlier in the evening, which I hope he received, saying that I proposed to postpone it. I intend now to deal with Item 11 and then adjourn.

BILL—SHEEPSKINS (DRAFT ALLOWANCE PROHIBITION).

Second Reading.

Debate resumed from the 23rd October.

HON. E. NULSEN (Eyre) [11.36]: I have often wondered why this measure was not brought down before. It seems to me that the 1 lb. in every 112 lb., in regard to the buyer, is an imposition on the grower. If the buyer could not look after himself he should not be buying, and I do not know how this legislation got on the statute book. I am inclined to compliment the Minister on bringing down the Bill for the protection of the growers. He pointed out that the scales today were kept in order by the Weights and Measures Branch of the Police Department, and that the growers would get a fair deal. I commend the Bill to the House.

Question put and passed.

Bill read a second time.

In Committee.

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

BILL—TRAFFIC ACT AMENDMENT
(No. 1).

Message.

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

House adjourned at 11.40 p.m.

Legislative Council

Wednesday, 29th October, 1952.

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

QUESTIONS.**RAILWAYS.**

As to Provision for Goldfields Christmas Traffic.

Hon. G. BENNETTS asked the Minister for Railways:

Will the Railway Department be in a position to supply engine power to run the usual holiday traffic on the Eastern Goldfields line during the coming Christmas holidays?

The MINISTER replied:

The normal holiday service will hardly be practicable, but it is planned to run additional passenger trains over all sections during the Christmas holidays.

HEALTH.

As to Mobile Dental and Chest Clinics.

Hon. A. R. JONES asked the Minister for Agriculture:

(1) What number of mobile dental clinics are used in attending schools in the country?

(2) What schools in the country are served by clinics set up in large country towns?

(3) Has the Government given consideration to mobile chest clinics to serve country areas?

(4) Has the Government considered setting up mobile rail clinics incorporating both dental and chest x-ray facilities?

The MINISTER replied:

(1) Nine full-time and four part-time.

(2) No permanent clinics are established in country towns but mobile units travel and serve in turn practically all schools in the State.

(3) Yes. A survey of Kalgoorlie, Boulder, Coolgardie, Norseman and Southern Cross has just been completed. This survey was compulsory under the Health Act and some 14,000 people were x-rayed. It is anticipated that all country areas will be covered in succession. Albany and Geraldton are next on the list.

(4) The establishment of mobile rail dental and chest x-ray clinics has been investigated but discarded as such clinics were not considered to be sufficiently mobile.

ASSENT TO BILLS.

Message from the Governor received and read notifying assent to the following Bills:—

1. Wheat Industry Stabilisation Act Amendment.
2. Supply (No. 2), £10,000,000.

BILL—BUILDING OPERATIONS AND BUILDING MATERIALS CONTROL ACT AMENDMENT AND CONTINUANCE.

Read a third time and passed.