

accommodation for the residents of that part of our State. Those who are willing to work in the North, playing their part in developing that portion of the State, deserve every encouragement. I support 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.

*House adjourned at 5.52 p.m.*

## Legislative Assembly.

Thursday, 14th October, 1948.

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

### QUESTIONS.

#### ELECTORAL.

*As to Ensuring Accuracy of Rolls.*

Mr. NEEDHAM asked the Attorney General:

(1) Is he aware that, despite the departmental census of Federal districts in the metropolitan area prior to the last general elections, the rolls were in a deplorable condition?

(2) To avoid a repetition of unsatisfactory electoral rolls, and in view of the fact that the name, address and occupation of every applicant for a ration card is recorded (although Commonwealth rolls are not used), will he—

(a) review his answer to my Question No. 3 on Thursday, the 7th October, and

(b) appoint State electoral officers to check that record, and thus help to secure a reliable basis for the rolls in the new electoral districts?

The ATTORNEY GENERAL replied:

(1) No.

(2) No, but careful checking of the rolls is being continually carried on by the Electoral Department.

#### TAILORING TRADE.

*As to Advertisement of Sydney Firm.*

Mr. NEEDHAM asked the Attorney General—

(1) Is he aware that, owing to the scarcity of material, Perth tailors must keep their clients waiting a long time for suits?

(2) If so, will he explain to the House why a Sydney firm of tailors was able to advertise in the local press, inviting patrons to get measured by cutters, and guaranteeing to make and deliver a suit in 30 days?

The ATTORNEY GENERAL replied:

(1) and (2) The only explanation known to me is that published in the Press by the firm concerned, that it had imported a considerable amount of yarn from England.

#### HAY AND CHAFF.

*As to Protection for Producers and Users.*

Hon. J. B. SLEEMAN asked the Attorney General:

(1) Is he aware that the price of chaff has been raised from £9 per ton to £14 and £16 per ton?

(2) Is he aware that hay was bought in the stack mostly for £4, with a maximum of £5?

(3) Is he aware that, in order to strike a basis, the merchants bought a small quantity of chaff from Adelaide and Melbourne and then raised the local product to the same price?

(4) Is he further aware that the merchants are refusing to cut chaff for the producers of the hay in order to get the high price charged by them for the chaff?

(5) Will he have some action taken to see that the producers of the hay and the customers for chaff get a fair deal?

The ATTORNEY GENERAL replied:

(1) At date of decontrol in November, 1947, the maximum retail price delivered ex store Perth was £12 per ton, based on stacked hay at £5 7s. 6d. per ton. The present price averages about £15.

(2) The last maximum price fixed for hay was in respect of 1946-1947 season, and was £5 7s. 6d. ex stack. As prices were not controlled since November, 1947, I am not aware of the average price at which hay was purchased for the 1947-1948 season.

(3) No.

(4) No.

(5) The Prices Control Commissioner is constantly watching the position, and if the circumstances are found to warrant it, a recommendation will be made to the Ministers' Conference that this product should be brought under control.

#### FOODSTUFFS.

##### *As to Unsuitability of Wrappers.*

Mr. GRAYDEN asked the Minister for Health:

(1) Is he aware that undesirable papers are being used for the wrapping of food by distributors of foodstuffs?

(2) In the interests of public health, will he take steps to prohibit the use of newspapers or other printed paper in the wrapping of foodstuffs?

The MINISTER replied:

(1) No.

(2) Under existing by-laws food not otherwise packed must be protected from contamination and only clean new white or brown paper may be used for wrapping meat, fish or bread.

#### HOUSING.

##### *(a) As to Provision of Children's Playgrounds.*

Mr. GRAYDEN asked the Minister for Housing:

(1) What is the policy of the Housing Commission in regard to the provision of children's playgrounds in areas where groups of Commonwealth rental homes have been constructed or are under construction?

(2) If no provision has been made for playgrounds, will he give consideration to setting aside areas for this purpose?

The MINISTER replied:

It is the policy of the State Housing Commission to make provision for playgrounds in all new subdivisions being developed by the Commission.

##### *(b) As to Purchase of Rental Homes.*

Mr. NIMMO asked the Minister for Housing:

(1) Is it the intention of the Government to make available Commonwealth-State rental homes to tenants under a purchase plan?

(2) Will the selling price be at capital cost or at current valuation?

(3) Will tenants who desire to purchase a Commonwealth-State rental home be credited with rents already paid?

The MINISTER replied—

(1), (2), and (3) I understand approval to sell will be granted by the Commonwealth but is subject to the agreement of all States. Western Australia has indicated that it is prepared to effect sales.

Final details and conditions of sale have yet to be decided upon and information will be furnished to tenants as soon as an agreement has been reached.

It is almost certain that tenants will be given credit for that part of the rent which represents repayment of capital cost of the dwelling. This will be a very small amount during the first few years because of the incidence of interest and rates and taxes.

#### PUBLIC SERVICE.

##### *As to ex-Servicemen on Temporary Staff.*

Mr. GRAYDEN asked the Premier:

(1) Is he aware that a large number of returned Servicemen of World War II are

employed in the Public Service on temporary staff, and in some cases have been in such employment for several years?

(2) Will he give consideration to the automatic appointment of any returned Servicemen of World War II to the permanent staff on the completion of three or four or five years' service with the Public Service?

(3) Will he give consideration to having returned Servicemen of World War I appointed to the permanent staff on the recommendation of the Under Secretary of the department in which they are employed?

The PREMIER replied:

(1) No. Proportionately to the total of temporary employees the number is not large and very few have been employed for more than two years.

(2) Approximately 45 ex-servicemen of World War II are undergoing a course of training for appointment to permanent positions under the Public Service Act. The question of appointing others who are temporarily employed at present under special provisions is receiving consideration.

(3) Ex-Servicemen of World War I are generally over the age at which they could be appointed, but the application of special provisions in selected cases is also under consideration.

#### PETROL RATIONING.

##### (a) *As to Further Reduction.*

Mr. GRAHAM asked the Minister for Transport:

(1) Has he any knowledge of a proposed further reduction in petrol allowances to operate as from next December?

(2) If so, will he indicate the extent of such reduction as affecting—

(a) business;

(b) private consumers?

(3) If not, will he ascertain the position from the Federal authorities?

The MINISTER replied—

(1) No.

(2) Answered by No. 1.

(3) Information is being sought from the Federal authorities as to the likelihood of further reductions in petrol allowances.

##### (b) *As to Additional Allowance for Western Australia.*

Mr. GRAHAM asked the Minister for Transport:

(1) Have any representations been made to the Federal authorities for a more generous petrol allowance to be made to Western Australian owners of motor vehicles, on account of the greater distances to be travelled here compared with similar classes in other States?

(2) If so, what was the outcome?

(3) If not, will steps be taken?

The MINISTER replied:

(1) The claims of Western Australia for favourable treatment on account of its long distances and lack of alternative transport facilities have been pressed at interstate conferences at every opportunity, both prior to and after the introduction of petrol rationing.

(2) Areas north of the twenty-sixth parallel of south latitude were made exempt from rationing. The remainder of Western Australia is rationed according to the same scales as other States, business and commercial allowances being based, within certain limits, on pre-war consumption.

(3) Answered by No. (1).

#### GOLDMINING.

##### *As to Shortage of Essential Supplies.*

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

(1) Is he aware that the goldmining industry is suffering an acute shortage of many essentials, such as cyanide, borax glass, iron rails and steel plate?

(2) What steps have been taken to relieve this position, and what is the immediate prospect of the industry receiving adequate supplies?

The MINISTER FOR HOUSING replied:

(1) Yes.

(2) The Hon. Mrs. Cardell-Oliver has been to the Eastern States again endeavouring to expedite these supplies.

Although there is an Australia-wide shortage, especially as regards steel goods, continual pressure has been brought to bear to increase this State's quota.

The Hon. Mrs. Cardell-Oliver was able to obtain shipping space for accumulations of

W.A. quota of steel from Port Kembla and Newcastle and these should arrive in the next few weeks.

## FISH CULTURE.

*As to Water-Fertilising Experiments.*

Mr. KELLY asked the Minister for Fisheries:

(1) Has the Fisheries Department experimented in any of our estuaries or rivers with the use of nitrates, potash or phosphates, with a view to increasing the growth of fish foods—chiefly algae?

(2) If so, what waters have been treated, and with what result?

(3) Is he aware that satisfactory results are being obtained in many other countries by use of fertilisers, and that experts, fishermen and scientists agree that vast improvement in fish stocks has resulted?

The MINISTER replied:

(1), (2), and (3) No.

## BILLS (2)—THIRD READING.

1, Marriage Act Amendment.

2, Registration of Births, Deaths and Marriages Act Amendment.

Returned to the Council with amendments.

## BILL—BUSH FIRES ACT AMENDMENT.

Report of Committee adopted.

## MOTION—WANT OF CONFIDENCE IN GOVERNMENT.

*As to Black Diamond Coal Leases.*

HON. A. R. G. HAWKE (Northam)

[4.40]: I move—

That the Government no longer possesses the confidence of the House for the following reasons:—

(1) Its action in preventing the State Electricity Commission from proceeding under the provisions of its own Act to produce coal from the land resumed for the Commission in March, 1947, which land at that time was contained in the Black Diamond coal leases, thus making it impossible for the Commission to safeguard itself regarding future supplies of coal being obtained in sufficient quantities at a reasonable price.

(2) The proposals of the Government as submitted in writing by the Attorney General to Amalgamated Collieries Ltd., on the 20th September, 1948, covering the intention of the

Government to hand the Black Diamond leases back to that company, and setting out also the basis upon which the leases are to be worked by the company, those proposals representing a surrender of the State's best interests to a private company and the placing of an unnecessary financial burden upon the Commission and its customers.

I think most members are aware of the policy of the Labour Government that existed in this State in 1945 in respect to the generation and distribution of electric power in Western Australia. That policy was given expression in a Bill introduced into Parliament in 1945 which was finally passed by Parliament and thus became a law of the State. The Act is known as the State Electricity Commission Act, 1945. I do not want to go into detail as to the set-up of the Commission or its powers and functions, except to refer to Sections 29, 30 and 31, which give to the Commission authority to do certain things in regard to coal and the resumption of land for the purposes of the Commission. In Section 29, Subsection (1), paragraph (f), the Commission is given legal authority to—open, establish, supervise, operate and maintain workings for the production of coal or mineral oil, briquetting works, and by-product recovery works.

In paragraph (b) of Subsection (2) of the same section the Commission is given authority to—

supply, sell and dispose of electricity, coal, pulverised coal, oil, briquettes or any by-products of its works and undertakings.

In paragraph (c) of Section 30 the Commission is given authority to—

purchase or take on lease or sublease any coal mine, coal mining lease, or land bearing coal or shale or mineral oil deposits within the State with a view to working the same and producing coal or mineral oil therefrom.

In Section 31 the Commission is given power compulsory to resume land for its purposes and Subsection (2) of that section reads—

Where any land taken in pursuance of the power conferred by Subsection (1) of this section contains any mines of coal or other minerals and the Commission requires such mines of coal or other minerals, and so notifies the Governor in writing, the taking of the land shall include also the taking of the mines of coal or other minerals contained in the land so taken, and in any such case the provisions of Section fifteen of the Public Works Act, 1902-1933, shall not apply in relation to the taking of the said land.

It will therefore be abundantly clear that Parliament gave to the State Electricity Commission, in the provisions of the State Electricity Commission Act, full legal authority to operate coalmines for the production of coal and, if necessary, also for the sale of the coal. In addition, the Act gave to the Commission full legal authority to resume land, including land which might contain coalmines or other mineral deposits.

Soon after the Commission was established, and as soon as it was able to shape a long-range policy, it decided that its No. 1 problem would be the obtaining of sufficient supplies of coal and the obtaining of them at a reasonable price. The members of the Commission were well aware of the experience suffered by Western Australia for many years past in regard to supplies of coal. They had had the opportunity over the years to know from personal experience, to some extent, and from studying publications of inquiries made into the coalmining industry of this State, that there was no certainty at all under the existing set-up of coal production that the increasing requirements of the Commission in regard to coal supplies would be met in full from year to year, or that the price which the Commission would be called upon to pay for its coal would be reasonable at all times or even reasonable at any time.

Therefore the Commission, amongst other major decisions in connection with policy, decided that under the power conferred upon it by its own legislation it would proceed to obtain land known to contain deposits of coal. Investigations were made by the Commission and on its behalf to ascertain which land in the Collie district would be most suitable or reasonably suitable for the Commission's future requirements. A decision was finally made that the land comprising the Black Diamond coal leases would be the most suitable, and steps were taken to enable the Commission to come into possession of those leases and the land contained in them. An order for the resumption of the land contained in the leases and 200 acres of freehold land owned in that vicinity by Amalgamated Collieries Ltd. was signed in Executive Council on the 3rd March, 1947, the order to resume being published in the "Government Gazette" on the 14th March of that year. There was a general State election for the Legislative

Assembly on the 15th March, 1947, as the result of which there occurred a change of Government, the new Government taking office on the 1st April.

Mr. Fox: A most appropriate day.

The Premier: That might be thought to be clever, but it is also very stale.

Hon. A. R. G. HAWKE: Subsequently the Commission proceeded with a programme for the testing of the land in question by putting down bores to ascertain where the best deposits of coal were to be found and the varying depths at which they might be reached. I believe that in all about 40 bores were put down at a cost to the Commission, and through it to the Government, of approximately £2,660. Those boring operations were carried on at least until the end of 1947. They were, therefore, continued during the nine months of that year for which the new Government was in office. Presumably they were carried on with the full approval of the Minister for Works and without any opposition from the Government as a whole. That would naturally lead members of the Commission to believe that the programme and policy they had devised were acceptable to the new Government and that therefore they were justified, as a Commission, in following that programme which they had formulated before the new Government came into office.

The papers with regard to the proposed handing back of the Black Diamond leases and the freehold land to Amalgamated Collieries Ltd. were tabled in this House some few weeks ago. The case I have to present against the Government is taken almost entirely from those papers and is, therefore, a case very strongly documented from the Government's own files. On pages 40 to 46 inclusive of State Electricity Commission file 7/7/3 there appears a statement prepared by the Commission in connection with the coal position as it will affect the Commission's undertakings during the next few years. That statement stresses the need for increasing the production of coal. It urges the Government to obtain greater powers to direct the State's policy on coal production, to enable it to ensure complete mechanisation, good management and the protection of the Government's own interests. Among other things the statement stresses that it would be unforgivable if the South Fremantle power station were to come into operation and a shortage of coal were to

prevent the full development of the station's capacity. That statement was dated the 18th August, 1947. It was noted by the Minister for Works—who is also Minister for Electricity—on the 28th January, 1948.

Mr. Graham: That is only a matter of five months.

Hon. A. R. G. HAWKE: On page 48 of the same file there is a copy of a minute from the Premier to the Minister for Mines, as sent to the Minister for Works, on the 27th October, 1947, stating that Cabinet does not desire any coalmine to be operated by the Electricity Commission or any other Government department, but desires the Minister for Electricity to negotiate with Amalgamated Collieries Ltd., Bell Bros. or any other available contractor possessing the plant necessary to operate an open-cut coalmine on the Black Diamond leases. The minute also states that Cabinet considers there is an emergency in coal supplies with demand already exceeding supplies and continuing to increase.

I searched that file carefully to find whether there was any record in it of activity on the part of the Minister for Electricity in the direction that Cabinet had instructed him to follow. The file indicated no activity of that nature. I am not suggesting that the Minister for Electricity did not display some activity in accordance with the direction of Cabinet, or that he did not make some effort to find out whether Amalgamated Collieries Ltd., Bell Bros. or some other contractor with the necessary plant and equipment would be prepared to develop the Black Diamond leases for the purpose of trying to produce coal therefrom as early as possible, but it is more than passing strange that the file records no such activity on the part of the Minister.

The declaration of Cabinet, as contained in the minute I have just referred to, was conveyed to the State Electricity Commission and was considered by that body at a meeting held on the 23rd October, 1947. The chairman informed members of the Commission that Cabinet had decided that it would not allow a State-owned open-cut or deep coalmine to be developed. He also stated, "The door was closed to the Commission having its own open-cut coalmine, but the door was not padlocked." Either the chairman of the Commission was a great optimist or he had been given some information from a Min-

ister or some other source which led him to believe that the decision made by Cabinet in October, 1947, was not irrevocable.

Shortly afterwards, the chairman of the Commission, acting on behalf of the Commission, was in communication by letter with one of the representatives of Bell Bros. to ascertain whether that firm would be likely to tender for a contract, when tenders were advertised by the Commission publicly, for the removal of overburden from an open-cut which the Commission intended to develop on the Black Diamond leases if Government approval for such action could be obtained. Letters were written by Mr. Dumas to Bell Bros. along those lines on the 26th November, and on the 8th December, 1947. Subsequent to the 8th December, Mr. Dumas had a personal discussion with Mr. Bell and he, on behalf of Bell Bros., indicated to Mr. Dumas that his firm would be interested in the question of tendering as soon as the Commission was able to advertise and call tenders if the Government so approved.

The Minister for Works: Is there any mention of what you have just referred to on the file?

Hon. A. R. G. HAWKE: There is mention on the file of the discussion which Mr. Dumas had with Mr. Bell and of Mr. Bell's interest in the matter.

The Minister for Works: That is, the particular matter you were referring to a moment ago?

Hon. A. R. G. HAWKE: Yes. Naturally, Bell Bros. would be interested; there is nothing wrong in that. Their firm, among other things, specialises in removing overburden from coalfields. Bell Bros. have been operating on the Collie coalfields for a considerable time doing this sort of work for Amalgamated Collieries, so there is nothing remarkable in the fact that Mr. Dumas should be negotiating with a representative of that firm to interest it in lodging a tender for the removal of the overburden if the Commission ever found itself in a position to call for such tenders. On page 1 of the State Electricity Commission part file No. 7/7/2, there is a very significant minute from the Deputy Premier, the Minister for Education, covering a Cabinet decision authorising the Commission to call tenders for the removal of the overburden, and this is dated the 12th January, 1948.

The previous decision made by Cabinet, was made in October, 1947, when the Government decided that the Commission would not be permitted to develop the open-cut or a deep coalmine. The fact that in January of this year, some three months afterwards, Cabinet made a decision to authorise the Commission to call tenders for the removal of the over-burden for a proposed open-cut to be operated at Collie on the Black Diamond leases by the Commission indicates that Mr. Dumas's statement made previously—three months previously—that the door was closed but not padlocked, must have been based on a pretty solid assurance from somewhere.

The Minister for Works: That does not necessarily mean that the Commission was required to sponsor the removal of the over-burden even though it was required to make the inquiry.

Hon. J. T. Tonkin: It just had the file in to look at it.

Mr. SPEAKER: Order! The member for Northam will proceed.

Hon. A. R. G. HAWKE: I think I might ignore the Minister's interjection, because it is so abysmally silly as to be hardly worthy of any serious attention at my hands. Obviously, Cabinet made this decision in January, 1948, authorising the Commission itself to call tenders for the removal of overburden and, as an additional preliminary step for the carrying out of the Commission's policy itself to develop an open-cut on the Black Diamond leases or to have an open-cut developed for it at Collie by Bell Bros. or some other firm which might be in a position to tender for the removal of the overburden. Within three months, Mr. Speaker, we have the Government declaring very emphatically at the beginning of the period that the Commission would not be permitted to develop an open-cut coalmine or a deep coalmine, and then, at the end of the period authorising the Commission to go ahead and call tenders for the removal of the overburden. It is perhaps more significant than might appear on the surface that this Cabinet declaration is signed by the Acting Premier. I am not aware where the Premier himself was at this time. He might have been in the Eastern States, or having a well-earned rest over the Christmas and New Year period.

The Premier: That was it.

Hon. A. R. G. HAWKE: But it is obvious he was not present at the Cabinet meeting which made this decision. It might have been that other senior Cabinet Ministers were not present either.

Mr. Marshall: Hence the decision.

Hon. A. R. G. HAWKE: At any rate, the decision was made and sent to the Minister for Works and Electricity on the 12th January, 1948. The Minister for Works and Electricity in control of such a department as the State Electricity Commission might have been expected to make extreme haste in having the contents of this vital decision made known to his Commission and especially to the chairman of the Commission, Mr. Dumas, more particularly as he and other Ministers in the Government were elected to office on a solemn pledge to the people that they would display great initiative, activity, vigour, ability and so on, and would remove any cobwebs that might be found around the place.

Hon. J. T. Tonkin: They were going to get things done.

Hon. A. R. G. HAWKE: This minute to the Minister for Works was signed by the Acting Premier on the 12th January, 1948, and the Minister for Works sent it to Mr. Dumas, the chairman of the Commission, for his information, on the 13th July.

Mr. Styants: A slight delay!

Mr. Kelly: Express messenger!

Mr. SPEAKER: Order! The hon. member may proceed.

Hon. A. R. G. HAWKE: It does appear that there has been some—

Hon. A. H. Panton: Sabotage!

Hon. A. R. G. HAWKE: —activity, or lack of activity, even in the short period that I have already covered in connection with the policy, or lack of policy, and decisions and lack of decisions, and changes of decisions by the Government in this vital matter.

Hon. A. A. M. Coverley: They have a unique policy.

Mr. Fox: They are consistent, anyhow.

Mr. Marshall: Only in inconsistency; that is about all.

Hon. A. R. G. HAWKE: Page 37 of the State Electricity File 7/7/5 contains extracts from the minutes of the Commis-

sion's meeting held on the 11th March, 1948. The January decision by Cabinet authorising the Commission to call tenders for the removal of the overburden was not submitted to the chairman of the Commission until July of the same year.

Hon. E. H. H. Hall: July or January?

Hon. A. R. G. HAWKE: July.

Hon. E. H. H. Hall: I have a copy of that and I have a reasonable doubt as to whether it was the 13th January or the 13th July.

Hon. A. R. G. HAWKE: As I understand it, I think it was the 13th July, 1948. At a meeting of the Commission held in March, 1948, it was evidently extremely worried about the delay that was taking place, and decided that the chairman should request the Minister to define Government policy regarding the proposed open-cut coalmine on the Black Diamond leases, the Commission stressing the urgent need for the position regarding future coal supplies to be made as secure as possible. On page 51 of the State Electricity Commission file 7/7/3 there is a copy of the Cabinet decision to hand the leases and freehold land back to Amalgamated Collieries Ltd., that decision being made in April, 1948. Evidently the request by Mr. Dumas to the Government in March for the Government to define its policy was effective, but, unfortunately, not effective in the direction desired by Mr. Dumas and the other members of his Commission, because at the Cabinet meeting in April the Government decided that the two Black Diamond coal leases and the 200 acres of freehold land previously resumed by the Commission were all to be passed back to Amalgamated Collieries Ltd. Page 52 of the same file contains a minute from the Minister for Works to the chairman of the Commission asking him to peruse the Cabinet decision and telling him, with grim humour, I thought, that he would be pleased to make any further information available that Mr. Dumas might require in connection with the matter.

Hon. A. H. Pantou: In a month's time.

Hon. A. R. G. HAWKE: On page 52 of the same file, Mr. Dumas, in a minute, expresses the Commission's regret regarding the latest decision of Cabinet and at a meeting of the Commission

held on the 15th April, only a few days after Cabinet had made that latest decision, the chairman read the Cabinet minute to members of the Commission. Thereupon the Commissioners expressed their profound dismay at the proposed action by the Government. I want to point out here that the members of the State Electricity Commission are all solid, cool, steady men. They are not men who are easily upset or excited, and certainly are not men who would be easily dismayed. It would require almost the Heavens to fall to create profound dismay amongst them. Among the members of the Commission, as I previously mentioned, are the chairman, Mr. Dumas, the chairman of the Harvey Road Board, Mr. Lowe, Mr. Edmondson, of the City of Perth Electricity and Gas Department, and other representatives of the various interests concerned. Yet those men received the April decision of the Government to hand all the land back to Amalgamated Collieries Ltd. with profound dismay. They went on to state that the Commission recognised that it was compelled to submit to all directions from the Minister but at the same meeting the chairman remarked—

The other decisions of Cabinet were of even deeper concern to the future economic well-being of the Commission. There was a great danger that the cost plus system would be permanently established.

The chairman went on to say—

The Minister for Mines had informed him that it was intended to locate a permanent board at Collie which would purchase all coal on a cost plus basis and would then blend and distribute the coal.

The Commissioners unanimously expressed dissatisfaction with this proposal. Thus the Commission received with profound dismay, as well it might, the Government's decision to hand all this land back to the company. It was an act of deliberate sabotage against the Commission, because it was depriving that body of any possibility of ever becoming independent as an instrumentality in regard to the very life-blood of an electric power undertaking, which is, of course, the supply of coal, and the supply of it in full quantities at reasonable prices. On page 53 of S.E.C. file 7/7/3, the Commission almost debases itself for the purpose of trying to impress upon the Government the seriousness of what it proposed to do, because it begs



the Government to reconsider its attitude with the object in view, of course, of changing its announced policy and not handing the leases and freehold land in question back to Amalgamated Collieries Ltd. On page 55 of the same file the State Electricity Commission goes to considerable trouble to set out the policy upon which its activities had been built and also the policy it proposed to follow in the future years. I want to read the particular declarations of the Commission under this heading, because I think they are of extreme importance, not only in relation to the present situation but also in connection with that which is likely to develop generally in respect of coal supplies in this State in future. On page 68 the minute from the chairman of the Commission to the Minister for Electricity Supplies, under date the 14th June, 1948, states—

I do not know what has happened in connection with the Black Diamond lease open-cut, but the fact is that the Railway Department and the Electricity Commission will pay for the expenditure incurred and yet have had no say in the location or operation of the open-cut.

Mr. Dumas in that particular portion of the minute is referring to the fact that he had heard nothing from anyone, since the Government made its final decision, as to what was happening with regard to the development of the open-cut on the lease of Amalgamated Collieries. I have no doubt he had heard indirectly that the company had already started operations on the removal of the overburden, and of the decision of the company as to how the open-cut should be developed. The minute then refers to steps taken by the Commission to ensure future supplies of coal. In addition, it states what had happened in connection with the resumption of the Black Diamond leases and the freehold land in March, 1947. The minute goes on to state—

At its request the Collie Burn leases were reserved to the Government with a view to opening up as a totally mechanised deep coal mine. It urged that an early programme of deep boring be initiated particularly on the Collie Burn leases. It acquired the Black Diamond leases so that, by 1950, they would be in production as an open-cut mine, and has since been boring to define the seams. It called tenders for a modern long boom stripping machine which would have enabled the Black Diamond open-cut coal to be gained cheaply and a much greater tonnage of coal to be stripped. This machine would then have been

available for the stripping of additional seams with a cover of less than 90 feet in the Collie field.

The minute goes on to state—

The policies contemplated by Cabinet, as set out in Cabinet minutes dated the 3rd April, 1948, and the 5th April, 1945, attached are of such serious import to the future of the Commission that it is the duty of the Commission to submit to Cabinet its considered views before irrevocable decisions are made.

There had already been three Cabinet decisions, and yet the State Electricity Commission, or Mr. Dumas on its behalf, was still hopeful that Cabinet would make another decision and not maintain an irrevocable decision to hand back the Black Diamond leases to the company to which I have already referred. The minute went on to state—

The Commission considers that the continuance of the existing iniquitous agreement of the 31st December, 1948, and an undertaking to give consideration to a further renewal, together with the constitution of a permanent board, will render permanent a system of cost plus on the Collie fields. In addition, all the inefficiencies and objectionable features of a cost plus system will develop and grow in the coal industry.

Further on there is this—

The terms of the existing agreement are iniquitous to the Commission and no business undertaking should be asked to submit to them.

Mr. Fox: Those are strong words.

Hon. A. R. G. HAWKE: Yes. It continues—

The Commission does not desire to socialise the industry but to ensure continuity of supply. As a wise business undertaking, it proposed to provide for its own shortage under the powers and responsibilities conferred on it by Parliament for this purpose. The Electricity Commissions in South Australia and Victoria both carry out this function.

I propose later on to have something to say about the Victorian State Electricity Commission. On page 59 of S.E.C. file 7/7/3 there is a minute from the Acting Minister for Works at the time—that is to say, the Minister for Railways—addressed to Mr. Dumas in his capacity as chairman of the Commission and the document is dated the 26th April, 1948. It advises Mr. Dumas that Cabinet on the previous Thursday had decided to appoint a special sub-committee consisting of the Minister for Mines, the Minister for Works and the Minister for Railways to confer with the Under Secretary for Mines, a representative of the Railway Department and Mr. Dumas regarding the

future of the Collie coalfield and matters at present being negotiated between Amalgamated Collieries Ltd. and the Government. On page 58 of the same file there is a minute from the chairman of the Commission, dated the 26th April, 1948, a copy of which was handed to the Acting Minister at 9 a.m. on the 26th April, 1948. This minute from Mr. Dumas refers to press cuttings from "The Daily News" of the 24th April, 1948, and "The West Australian" of the 26th April, 1948, in both of which it was stated that the State Electricity Commission had no equipment. The statement was given to the newspaper by the Minister for Mines, Hon. H. S. W. Parker, and it was that the State Electricity Commission had no equipment and that Amalgamated Collieries Ltd. had all the necessary appliances for immediate coal production. Mr. Dumas in his minute said—

I have to advise that the Commission did have available the necessary plant and equipment to open up an open-cut mine at least equal to the plant available to Amalgamated Collieries.

Mr. May: Quite right.

Hon. A. R. G. HAWKE: The minute continued—

The staff available to the Commission would have been Public Works Department officers who, at Stirling dam, moved earth at a faster rate than ever attained in Australia before.

Members who studied what the Minister for Mines had to say about this matter in the Press, following the third decision of Cabinet, will recall that he tried to justify the final decision of the Government by stating that the Electricity Commission had no equipment, no plant, to develop an open-cut coalmine, whereas the Amalgamated Collieries had all the necessary equipment, staff and so on. From the point of view of the public, which had only the Press to rely upon, that appeared to be the reason which prompted the Government to sabotage the Commission. As a matter of fact, I think Mr. Dumas was right in claiming that the Commission did have equipment at least equal to that of the Amalgamated Collieries.

Mr. Wild: Is earth-moving equipment the only equipment required?

Hon. A. R. G. HAWKE: I should say that it would be required for the removal of overburden. I point out, however, that the equipment used to remove the overburden in the open-cuts previously worked by

the Amalgamated Collieries, and still being worked by them, does not belong to the company.

Mr. Marshall: It never did.

Hon. A. R. G. HAWKE: It all belongs to Bell Bros.

Mr. Wild: Does the coal have to be screened?

Hon. A. R. G. HAWKE: Bell Bros. have used their plant and equipment to remove the overburden from open-cuts under contract to the Amalgamated Collieries. Obviously, the Electricity Commission could have made a similar contract with Bell Bros. In fact, I understand that Bell Bros. are the contractors who are now removing the overburden on the Black Diamond leases for the Amalgamated Collieries. As I have pointed out previously, Mr. Dumas had, by letter and personal discussion, approached Bell Bros. on the question of whether they would be interested in tendering for a contract to remove overburden for the Commission, should the Commission decide to proceed with the development of an open-cut on the Black Diamond leases. It is quite evident that the reason given to the public in the Press by the Minister for Mines was not the real reason why the Government handed back these leases to the Amalgamated Collieries.

Mr. Styants: It was not even correct.

Hon. A. R. G. HAWKE: No. It was not even an excuse. When the Minister for Mines was challenged on the point at a public meeting held at Collie, he deserted the point almost immediately, as everyone at Collie knew all about the position. They knew the company did not own the equipment, but were employing Bell Bros. to do the work; and everybody at Collie knew that the Electricity Commission could make similar arrangements with that firm, or with some other firm, for the removal of overburden from any cut which the Commission might develop on the Black Diamond leases. I therefore think I am entitled to ask why the Minister for Mines should try to put a thing like that over the public. Why should he want to cover up the real reason which caused the Government to sell out in this manner to the Amalgamated Collieries? Obviously, because he wanted the public to believe that no alternative was available to the Government, and that the Government was

compelled to make this decision to give the leases to a private company because that company possessed the necessary equipment, whereas the Electricity Commission did not.

I have already referred to a minute on page 68 of S.E.C. file 7/7/3. It was addressed to the Minister for Electricity. I think Mr. Dumas states that he does not know what has happened in connection with the open-cut coalmine to be developed on the Black Diamond leases by the Amalgamated Collieries. In the meantime, the Commission, evidently still hoping that the Government might re-consider the matter and make a new decision reversing its previous decision, has completely drawn up copies of proposed advertisements calling for tenders for the excavation of overburden and coal. These minutes were forwarded to the Minister for Electricity on the 17th May, 1948, but were returned to the Commission on the 20th May without comment of any kind from the Minister or anyone else. A very significant thing indeed happened in June of this year, because by that time the open-cut being developed by the Amalgamated Collieries on the Black Diamond leases was well under way.

On the 21st June, Mr. G. V. Johnson, the general manager of Amalgamated Collieries, wrote to the Under Secretary for Mines asking that there be made available to his company the logs showing the results of the bores drilled on the Black Diamond leases by the Electricity Commission. The Minister for Mines sent this letter to the Minister for Works and stated that, in his opinion, the logs and other information should be made available to the company. On page 72 of S.E.C. file 7/7/3, there is a copy of a minute from the Minister for Works to the Minister for Mines dated the 6th July, 1948, advising that full information was made available in writing to the Inspector of Mines, Mr. Gillespie, at Collie, who would make it available to the Minister for Mines. And then, with ghoulisn irony, the Minister for Works added to his minute that "The Chairman of the Commission, Mr. Dumas, and his officers would be happy to make available any further information the company might desire."

Mr. Styants: Lovely!

Hon. J. T. Tonkin: Jumping for joy!

Hon. A. H. Panton: A real Father Christmas!

The Minister for Works: A forgiving spirit!

Hon. A. R. G. HAWKE: That request of the general manager of the company was extremely significant, because up to that time the company had made no approach to the Commission to obtain any advice from it as to where the company might put down its open-cut. As far as I am aware, the company made no approach to the Mines Department on this question. Evidently, the company considered that it had all the knowledge and information required. Judging by its attitude over past years, it would adopt that attitude and have that belief. I suppose it also thought that it would not matter much anyhow, where the open-cut was put down because the Government would pay for it in any event.

Mr. Marshall: That is it! Sold out to private enterprise at the State's expense. That is the worst part of it.

Mr. SPEAKER: Order!

Hon. A. R. G. HAWKE: Information evidently came into the possession of the State Electricity Commission that the company was in difficulties over the open-cut it was putting down and which, by June of this year, was fairly well advanced. I was at the public meeting held at Collie in May and at that time the open-cut was quite big; thousands of tons of earth had been removed. On S.E.C. part file 7/7/2 page 2, there is a minute from the Commission's accountant, Mr. Blockley, to the Commission's secretary, dated the 14th June, 1948. It states that information in that day's paper made it appear that the new Black Diamond open-cut at Collie had not so far been successful, and that the rough unofficial estimate of the cost of this abortive attempt to locate coal was £10,000.

Mr. Styants: That is lovely!

Hon. A. R. G. HAWKE: The minute went on to stress the heavy cost which would have to be included in the price of coal to be sold to the Railway Department and the Commission because of this failure on the part of the company, unless special steps were taken by the Commission to prevent the loading of the price to be charged

for the coal when it was available. Mr. Dumas noted that minute on the 15th June and stated that the position had been placed before the Minister for Electricity. A meeting of the Commission was held on Thursday, the 5th August, at which the discussion led him to concentrate, among other things, on the proposed agreement to be made between the Government and the company to which I will refer in detail later. The chairman mentioned among other things that the Government had apparently made arrangements with the Amalgamated Collieries regarding the working of the Black Diamond leases without consulting the Railway Department or the Electricity Commission, and also that it appeared that Bell Bros. were operating without any contract in removing overburden at the Black Diamond leases. He, the chairman, had told the Minister for Electricity that such an arrangement was not satisfactory to the Commission.

On page 83 of State Electricity Commission file No. 7/7/3, the Commission registered another protest against the decision and policy of the Government, but I do not propose to read it at this stage because I want to concentrate more fully on it later. I come now to the Crown Law Department file No. 4034/48, which might be called the "action" file in the handing back of the leases to the company by the Government. There are many significant features about this file, and one is that it starts in the most abrupt manner imaginable. In fact, page 1 of the file contains the Government's decision to hand the Black Diamond leases back to Amalgamated Collieries, and sets out the conditions under which it is prepared to hand them back. There is no information on any other file placed on the Table of the House, to show how that position was reached.

I would like the Premier, or any other Minister who takes part in the debate, to indicate how the Government arrived at the position where page 1 of the "action" file in the matter could immediately contain a minute declaring the Government's decision to hand the leases back, and setting out the main conditions under which they would be returned. As far as I am able to judge the situation, from my experience in connection with these matters, there must have been a considerable amount of consultation or negotiation between the representatives of the Government and those of the company before

this decision was arrived at. The conversations and discussions, or whatever they might have been, were probably unofficial and were doubtless off-the-record, as the saying is these days. In any event, page 1 of the file sets out the decision.

I want to read some of the main conditions which the Government laid down as part of the basis upon which it would return the leases to the company. The company was to abandon its claim to compensation covering the resumption of the leases by the Government. It was to surrender to the Government the lease at present sublet by it to the Griffin Coal Mining Company to enable the Government to make that lease available direct to the Griffin Company. I would like members to keep that particular condition in mind, because it is a very important one. The Government's demand upon the Amalgamated Collieries to surrender that lease evaporated as time went on and negotiations were carried out between a Minister of the Government and Mr. Downing, representing Amalgamated Collieries. The price of coal from the Black Diamond open-cut was to be fixed by agreement, and, failing agreement before the 1st October, 1948, by arbitration under the Arbitration Act, 1895. There were other important conditions, but I have referred to the ones I consider to be the most important. Pages 2 and 3 of the same file contain a minute dated the 9th April, 1948, from the Attorney General to the Hon. the Premier in Cabinet. Among other things, the minute states that the Attorney General, on the Premier's instructions, had two interviews with Mr. Downing of Amalgamated Collieries Ltd.

Mr. Graham: He is the president of the Liberal Party.

Hon. A. R. G. HAWKE: Mr. Downing told the Attorney General that his company was prepared to agree to the following major points:—

1. Black Diamond leases to be returned to the company.
2. No compensation to be claimed by company covering resumption of leases by the State Electricity Commission.
3. The company would take immediate steps to develop an open-cut on the leases for the production of coal.
4. Coal to be screened and picked at the company's Co-operative mine.
5. Government to have right to purchase all coal produced from open-cut at cost of pro-

duction, which would include actual costs, plus proportionate allowances for overhead, depreciation of equipment used on a 20 per cent. straight line basis, plus 1s. 2d. per ton profit.

In connection with the Griffin leases, Mr. Downing told the Attorney General that seams from the Co-operative and Proprietary mines ran into the Griffin leases at a depth of about 1,000 feet below the present workings in the Griffin mine. His company would work those seams in due course, and its workings would thus extend into the Griffin leases. His company, therefore, placed considerable value on those leases and believed that the seams in question could not be worked on an economic basis by the Griffin Company.

Mr. Downing also said that the 3d. per ton royalty paid by the Griffin Company to his company in connection with the Griffin leases, was actually paid by the Commonwealth Government, as the price charged for Griffin coal to the railways and the Electricity Commission was fixed without regard to the royalty, the Griffin Company receiving a subsidy of 2s. 3d. per ton from the Commonwealth Government on all coal mined by it, plus a further subsidy to enable it to pay a 5 per cent. dividend. Mr. Downing, therefore, considered it would be unreasonable for his company to surrender the Griffin leases, but thought the State should ask the company to forgo the royalty so long as the Commonwealth was paying a subsidy to the State. He said the company would be perfectly willing to discuss forgoing the royalty when the interests of the State became affected. In other words, as long as the Commonwealth Government is prepared to pay a subsidy to the Griffin Company, Amalgamated Collieries think that they are justified in demanding 3d. a ton royalty on every ton of coal produced by the Griffin Company from the Griffin leases.

Mr. Marshall: Mr. Downing knew he could get away with it with this Government.

Hon. J. B. Sleeman: He is chairman of the Liberal Party.

Hon. A. R. G. HAWKE: Mr. Downing also said that the Government should accept, in principle, that the cost of writing off any mechanised unit installed by his company for the production of coal—presumably on the Black Diamond leases—over a period of 10 years, should be re-

garded as part of the cost of producing the coal. In other words, Mr. Downing, whom I do not know except for the fact that he holds an important position in a certain political party in Western Australia, had the audacity to suggest to the Attorney General, and through him to the Government, that the Government ought to finance Amalgamated Collieries Ltd. in the purchase of coal-cutting equipment, and should then allow it to write off the cost over a period of 10 years by permitting the depreciation to be included in the price of coal.

Mr. Graham: This is the anchor around Western Australia's neck.

Hon. A. R. G. HAWKE: This would mean, of course, that at the end of 10 years the company would have its machinery for nothing, and would still be the owner of it. Page 4 of the file contains a minute dated the 12th April, 1948, from the Premier to the Attorney General, which states that Cabinet desired the Attorney General to re-discuss with Mr. Downing paragraph 5 of the Attorney General's minute of the 9th April in respect of the price to be paid by the Government for coal produced at the Black Diamond open-cut for the purpose of trying to obtain the company's approval to have the price of coal determined by agreement, and, failing such, by arbitration. The efficiency of production methods was to be considered in fixing the price. This was the declaration of the Premier on the 12th April of this year. He said, "Efficiency of production methods to be considered in fixing the price"—and a very statesmanlike declaration, too, if I may say so! But the pity of it is that in the subsequent negotiations, the Premier forgot all about his declaration that efficiency of production methods should be considered in fixing the price. Another thing I want to know is why the Attorney General is the Government's negotiator with Mr. Downing in this matter.

The Minister for Housing: Is he not always?

Hon. A. R. G. HAWKE: I do not think he is always the negotiator in connection with supplies of coal. In all my experience, the Minister for Mines has been the negotiator in such matters. It cannot be argued that the present Minister for Mines is not a lawyer, and therefore likely to be trapped into all sorts of difficulties by Mr. Downing who, I understand, is a lawyer. I have no

wish normally to cast personal reflections on anyone, but I do say, from our experience of the Attorney General in this House—and I say it without desiring to give any personal offence—that he is the last Minister we would have negotiating for us, or the Government, anything of serious import.

Take what happened here last week when the Feeding Stuffs Bill was before the House—and this is just by way of illustration which I hope you, Mr. Speaker, will permit. Evidently the Attorney General did not think the Minister for Lands was capable of handling the Bill with the result that, to a large extent, he took control of it in the Committee stage. The member for North-East Fremantle was able, during the proceedings, to demonstrate without a shadow of a doubt that the Attorney General did not know what he was talking about even in connection with what was a minor amendment to an apparently unimportant Act.

The Minister for Housing: You had better have another look at that.

Hon. A. R. G. HAWKE: In my opinion, the Government was showing the greatest possible mismanagement and lack of foresight in allowing its side of the case to be negotiated by the Attorney General. In connection with matters of this kind, which so vitally concern coal and the price to be paid for it, the negotiator should have been the Minister for Mines, and to protect him on the financial side he might have had the Under Treasurer or even the Treasurer himself. In studying the negotiations between the Attorney General and Mr. Downing, we find Mr. Downing calling the tune all along the line, with the Attorney General dancing to it and, subsequently, the Government, to a large extent, dancing to it as well. On page 4 Mr. Downing suggests that Cabinet should abandon its demand for the surrender of the Griffin leases on condition that Amalgamated Collieries waives its claim for 3d. per ton royalty.

Pages 5 and 6 of the file contain a minute from the Attorney General to the Premier in Cabinet. The minute is dated the 19th April, 1948, and states that the Attorney General had further discussions with Mr. Downing who had said he would be prepared to recommend to his company the making of an agreement on the following major points:—

1. The leases and freehold land to be handed back to the company, and the company to abandon its claim to compensation.

2. The Government to assist financially in purchase of additional equipment required.

3. Coal to be screened and picked at Co-operative mine.

4. Cost of coal to Government to be determined by agreement, and failing agreement by arbitration.

5. In fixing price of coal, labour costs, depreciation of plant, allowance for overhead and allowance for profit of 1s. 2d. per ton to be included.

6. Company not willing to surrender Griffin leases.

7. If the Government is able to arrange with the Griffin Company for the Government to have advantage of the threepence per ton royalty now payable to Amalgamated Collieries in the event of Amalgamated Collieries waiving royalty, that company would agree to waive same. The company would then permit the Griffin Company to mine without royalty down to 500 feet on Griffin leases subject to Amalgamated Collieries being able to continue Co-operative and Proprietary seams into the Griffin leases.

According to a minute on the file, the Attorney General told Mr. Downing that Parliament would, this session, consider the Coal Miners' Pensions Fund Act, and when doing so consideration would be given to the question whether the contributions to the fund by coalmining companies should be allowed as a cost to be included in the price of coal sold to the Government.

Mr. Marshall: That is lovely.

Hon. A. A. M. Coverley: Heads I win, tails you lose.

Hon. A. R. G. HAWKE: Evidently this very shrewd Mr. Downing found the Attorney General so easy and so pliable that he went outside the matters being negotiated. Apparently he was making such great progress with the Attorney General in regard to obtaining conditions favourable to the company, for the handing back of the leases, the development of an open-cut, and the price to be charged for coal, that he thought the time was opportune to put the hard word on that Minister for something more. So he put the hard word on the Attorney General that the Government ought to do something about the Coal Miners' Pensions Fund Act to relieve the company altogether of the necessity of making any contribution at all to the fund out of its own pocket for the purpose of paying a retiring pension

to old miners when they finished working in the mines.

Hon. A. H. Panton: A nice patriotic gesture.

Hon. A. R. G. HAWKE: The Attorney General obediently assured Mr. Downing that Parliament would, this session, consider the Act and that the Government would give consideration to the question whether the pensions contributions made to the fund should not be allowed as a charge on the price of coal. The Government would finally pay the pensions contributions to this fund the same as the Government pays its own contributions to the fund at present and has done during the whole time the fund has been in existence.

Page 7 of this "action" file, as I call it, contains a minute to the Attorney General by the Premier and is dated the 19th April, 1948. The minute states Cabinet's approval of the Attorney General's previous minute, paragraphs 1 to 6, except that allowance for profit is to be "at 1s. 2d. a ton, or 10 per cent. of price fixed (exclusive of profit) averaged over any 12-monthly period whichever amount is less." Page 8 contains a minute from the Solicitor General to the Attorney General and is dated the 22nd April, 1948. Attached to it is a draft letter setting out Cabinet's decisions and addressed to the chairman of directors, Amalgamated Collieries of W.A. Ltd. In his minute the Solicitor General draws attention to the amount of approximately £2,500 already expended on the leases by the Electricity Commission in proving the leases. But in his minute the Solicitor General suggests that the Government in its letter to the company should make a reference to the repayment of this amount by the company if the Government desired the amount to be repaid.

Mr. Marshall: But the Government did not desire.

Hon. A. R. G. HAWKE: The Solicitor General, as you know, Mr. Speaker, is a legal officer and in no way attached to the Treasury Department, and therefore not ordinarily, or even perhaps at any time, concerned with going out of his way to try to safeguard the financial resources of the Government. Yet this legal officer, in studying the documents on this matter, was struck by the fact that the Electricity Commission had expended out of its own funds provided

by the Government approximately £2,500 in putting down bores on the Black Diamond leases to test them for quantities and qualities of coal. He went as far as he could go, being an officer of the State and of the Government, to suggest to his Minister that the Government should ask the company to refund this amount to the Electricity Commission if the Government desired the amount to be refunded.

In the same minute, the Solicitor General also brought before the notice of his Minister another important fact. His minute said, "One lease"—that is, one of the Black Diamond leases—"is due to expire in 1952 and the other in 1962." Both leases were previously held by the company for 21 years. One was held for an additional two years and the second for an additional 14 years, in the second 21-year period, of the leases. The Solicitor General then warned the Attorney General to exercise care in re-issuing these leases to the company, evidently fearing that the Attorney General would issue them, or the Government would issue them, as new leases, whereupon the company would be entitled to hold them for a further 21 years—

Mr. Marshall: Forty-two years.

Hon. A. R. G. HAWKE: —and have the right of renewal, I think, for a further 21 years after that, making a total period of 42 years. Pages 9 and 10 of the file contain a copy of the letter sent by the Attorney General to the chairman of directors of Amalgamated Collieries Ltd., dated the 23rd April, 1948, and it sets out the conditions upon which the Government is prepared to hand back the leases. This letter is based on previous Cabinet decisions, and also based, in some respects and to some extent on the advice of the Solicitor General; but it does not contain anything at all—not a word—upon the main points stressed by the Solicitor General in his minute to the Attorney General. However, it did state, among other conditions, that the price of coal was to be determined by agreement or failing agreement by arbitration under the Arbitration Act, 1895. It also stated that the following major factors were to be considered in fixing the price of coal: Labour costs; depreciation of plant; reasonable allowance for overheads with profit of 1s. 2d. per ton or 10 per cent. fixed (exclusive of profit) averaged

over any twelve monthly period, whichever is the less.

Page 11 contains a memorandum from the Attorney-General dated the 26th April, 1948, in which he states he has discussed his letter of the 23rd April with Mr. Downing who considered that the company should get an allowance for interest at current bank rate on all money expended by the company, covering installation of any additional plant, equipment or vehicles as from the date of such expenditure.

Mr. Styants: He is quite modest in his request.

Hon. A. R. G. HAWKE: The wording of the minute shows this to be a new idea as to how his company can get more money out of the Government. Page 13 contains a minute from the Acting Premier. This is only the second time the Acting Premier has appeared in the business. On the first occasion he appeared to some purpose—

Hon. J. T. Tonkin: Frustrated by the Minister for Works.

Hon. A. R. G. HAWKE: —and won my supreme admiration by the fact that he persuaded Cabinet to authorise the Commission itself to call tenders for the removal of overburden from a proposed open-cut which the Commission intended to develop on the Black Diamond leases.

The Minister for Education: My persuasion is not apparent from the file nor did it exist.

Hon. A. R. G. HAWKE: On this occasion the Acting Premier falls considerably from grace, although not wholly, because it is apparent that he still realises that this company is out to squeeze the Government to the last drop financially and it is quite apparent from this minute that the Acting Premier feels that every possible step should be taken to make the squeeze by the company of the Government as moderate as possible. His minute states that Cabinet agrees that Amalgamated Collieries Ltd. be informed by the Attorney General that the Government will assist financially by way of loan for the purchase of equipment considered by the Government to be necessary for the production of coal from the Black Diamond open-cut. I am sure that if the Attorney General and some other Ministers had been deciding this matter they would have left

those last words out or would not have thought of them, and would have given the company an undertaking that the Government would assist by way of loan for the purchase of equipment leaving it entirely to Amalgamated Collieries Ltd. to do whatever they thought.

Anyone acquainted with the previous history of this company knows that it is shockingly inefficient and shockingly extravagant in nearly everything it does. The Acting Premier's minute went on to state:—"But only to the extent that the Government is satisfied that the company has not, or could not obtain necessary finance without Government help." This was a counter-squeeze by the Acting Premier on the company. At this stage it had an absolute hammer-lock on the Government and the Acting Premier was trying to get a severe toe-hold on Mr. Downing.

Mr. Marshall: He should have put the Boston crab on him.

*Sitting suspended from 6.15 to 7.30 p.m.*

Hon. A. R. G. HAWKE: Before tea I made reference to the fact that the Acting Premier, on the 12th January of this year, sent a Cabinet minute to the Minister for Works regarding a certain decision made by Cabinet which the Minister for Works did not minute to the Chairman of the Electricity Commission, Mr. Dumas, until the 13th July. It has been suggested that the figuring on the Minister's minute was or was meant to be 13/1/48 and not 13/7/48. The figures are in the Minister's handwriting and the figure "1," if it is meant to be "1," certainly looks more like a "7." If, however, the figure was meant to be "1" and the Minister for Works gives me an assurance to that effect, I shall be quite happy to withdraw my semi-playful strictures against him.

I had completed my reference to the contents of the minute from the Acting Premier to the Attorney General, which appears at page 13, Crown Law file 4034/48. The next page of this file contains a memorandum from the Acting Under Treasurer, Mr. Byfield. This, so far as the tabled papers show, is the first occasion when the Government sought any advice from an officer of the Treasury Department. Mr. Byfield, in a minute to the Attorney General dated the 28th May, 1948, stated that the



open-cut method of mining on the Black Diamond leases should not require much finance as the contractors, Bell Bros., were providing all equipment necessary to remove the overburden. Further, he said that it was difficult to advise on the suggested allowance to cover interest without a full knowledge of conditions in the existing coal contract and without knowledge as to what the suggested allowance of 1s. 2d. per ton profit on coal produced at the Black Diamond open-cut was intended to cover. He further stated that the existing allowance of 1s. 2d. per ton on coal produced from the Wallsend open-cut covered all items including any allowance there might be for interest.

At page 15 is a memorandum from the Attorney General covering the nature of a further discussion he had with Mr. Downing, representing Amalgamated Collieries. No date is shown as to when the discussion took place, and the minute indicates that the Attorney General could not arrive at any final agreement with Mr. Downing. It was arranged between them that the whole matter should stand over until the return of the Premier from Eastern Australia. The same page contains a memorandum also from the Attorney General regarding a discussion which had taken place between the Minister for Housing, Mr. Dumas representing the Electricity Commission, Mr. Raynor representing the Railway Department, and Mr. Downing representing the company, with the Attorney General also present. According to this memorandum, Mr. Downing, on behalf of the company, agreed to prepare a statement for submission to Cabinet, the statement to contain the conditions upon which the company would be prepared to make an agreement with the Government.

Page 16 contains a memorandum setting out the terms which Mr. Downing submitted. The one major alteration in this memorandum submitted by Mr. Downing compared with all previous suggested conditions is a remarkable one and reads—

The cost of all work in removing over-burden, opening up the leases, providing access roads, winning coal, hauling and handling coal and any other expenditure pursuant to this agreement to the date hereof to be recouped to the company forthwith—

Mr. Marshall: No delay.

Hon. A. R. G. HAWKE: The memorandum continued—

and hereafter and until the 31st December, 1948, by monthly payments against accounts rendered by the company.

This was some considerable time after it had become known that the first open-cut being developed by the company was likely to prove absolutely useless insofar as the production of any worth-while quantity of coal was concerned, and this after the company had expended approximately £10,000 on what I am told is useless work in removing overburden from the spot where it was first proposed to produce coal by the open-cut method. So, after all this was known and after the Government, through the Attorney General, had negotiated proposed conditions of agreement, inside out as it were, the company comes forward with what in my opinion was a most extravagant and impertinent claim, namely that the Government should forthwith pay the company for all the cost of removing overburden, opening up the leases, for the providing of access roads and so on, all dealing with this first open-cut—

Mr. Kelly: An open cheque.

Hon. A. R. G. HAWKE: —all dealing with this first open-cut which, from all the evidence available, was put down in the wrong place.

Mr. Marshall: And after all their knowledge.

Hon. A. R. G. HAWKE: It was put down in the wrong place evidently without the Government taking the slightest interest in where it was being put down and without the Government taking the slightest precaution to ensure that the open-cut would be developed in a place where coal might reasonably be expected to be found. As I explained earlier, the company did not seek to obtain the logs and other documents giving the results of the Commission's boring operations on these leases until about the middle of June, 1948, the company having previously carried out a very large amount of work, through Bell Bros., in removing overburden from this first open-cut. Another condition set out in the memorandum forwarded on behalf of Mr. Downing and the Amalgamated Collieries was that all the equipment of the company used on the open-cut, and vehicles for conveyance of coal, should be depreciated at 20 per cent. straight line and new equipment for handling and conveying coal to the gantry should be depreciated at 10 per cent. straight line;

such depreciation to be properly apportioned from the date of purchase to the 31st December, 1948, and to be deemed part of the cost mentioned in proposed Clause 7. A new basis was therefore developed, in that an allowance should be made to the company as regards net profits over and above all the costs to which I have previously referred.

In other words, the agreement between the Government and the company was to be a cost-plus agreement in the full and most beneficial sense of that term so far as the company was concerned. But whereas the company had been previously requesting that the net profit to be allowed to the company should be 1s. 2d. per ton, the submission now made on behalf of the company is that £560 should be paid for all coal up to 10,000 tons, £560 should be paid for all coal in excess of 10,000 tons up to 20,000 tons, and proportionate payment per ton should be made for all coal in excess of 20,000 tons. I am not good at mathematics, but I have worked out that, under this new suggested basis for net profit the company will receive 1s. 1.44d. per ton as against 1s. 2d. which it had been seeking previously. Even this slight concession or reduction in net profit in favour of the Government was only determined upon, according to the papers laid on the Table, after the chairman of the Electricity Commission had put up a strenuous fight for it at one of the conferences.

The net profit per ton to which the company is to be entitled is to be exclusive of taxation, but shall include interest at current rates on all money expended by the company in the purchase of new plant from the date of expenditure to the 31st December, 1948, and on all moneys expended under Clause 7, from the date of expenditure to the date of recoupment. On page 17 of the file there is a minute from the chairman of the Electricity Commission to the Attorney General dated the 14th August, 1948. It sets out Mr. Dumas's approval of the draft proposals as appearing on the previous page of the file. In other words, Mr. Dumas indicates his approval in writing to the agreement, as finalised up to that stage, between the Government and the company. Page 18 contains a memorandum from the Secretary for Railways indicating the approval of the Commissioner of Railways to the proposed agreement. It might be

thought that much significance attaches to the fact that Mr. Dumas, as chairman of the Electricity Commission, has indicated his approval of the proposed agreement; but it is obvious, from minutes of meetings of the Commission held subsequent to that date, that Mr. Dumas's approval was given under duress, as it were, because, at a meeting of the commission held on the 19th August, 1948—five days after Mr. Dumas had approved of the agreement—he reported that negotiations for the purchase of coal by the Government had been proceeding between a member of the Government, Mr. Raynor representing the Railway Department, himself representing the Commission and a representative of the Amalgamated Collieries.

Mr. Dumas went on to say that he had disagreed with the basis of the proposals put forward on behalf of the Government and the company and had finally succeeded in having the offer made to the company which I have already mentioned, that is, the offer of payment of £560 net profit for the first 10,000 tons and so on. A report of the further proceedings of this meeting of the Commission on the 19th August reads—

The Commission again recorded their regret at the Commission having been compelled by Government direction to enter into an arrangement for the purchase of coal which was entirely devoid of business principles—

Hon. J. B. Sleeman: That is pretty straight.

Hon. A. R. G. HAWKE: The report continues—

in that no tender or quote was obtained to ensure that the coal would be stripped and won at the lowest possible cost; also that the work was being carried out on a double cost-plus system under which the Commission and other purchasers had no means of protecting themselves. Furthermore, the Commission had never been consulted regarding the methods to be used by the company in working the Black Diamond open-cut.

So, Mr. Speaker, the chairman of the State Electricity Commission, on behalf of the Commission, signed his approval of the proposed agreement on the 14th August, 1948; but, as a member of the Commission, he expressed himself five days later, with the other members of the Commission, in the astonishingly strong words just read by me to members of the House. On page 22 and 23 of the Crown Law file to which I have referred, there is a copy of a letter sent by the Attorney General to the Company mak-

ing an offer on behalf of the Government as to the conditions which shall constitute the proposed agreement. There is nothing in this letter about the original demand of the Government upon the company to surrender the Griffin leases to the Government so that it might be in a position to make the leases directly available to the Griffin Company and thereby release the Griffin Company from the necessity of paying 4d. per ton royalty to Amalgamated Collieries for every ton of coal produced by the Griffin Company from the Griffin leases.

The Minister for Housing: It is 3d. a ton.

Hon. A. R. G. HAWKE: Yes. So in the process of negotiations between the Attorney General, representing the Government, and Mr. Downing representing the company, the Government forgot completely its original demand, which I presume was to be something in the nature of a quid pro quo to the Government, in return for the willingness of the Government to sabotage the Electricity Commission by handing the leases in question back to Amalgamated Collieries. There was nothing in this final letter from the Attorney General to the company regarding the payment by the company to the Government or the Commission of the £2,660 expended by the Commission in testing the Black Diamond leases by boring.

But there was in this vital letter from the Attorney General to the company an offer to recoup the company along the lines suggested by Mr. Downing in the latest submission he made to the Government. In other words, this final letter of the Government to the company offering the conditions which should constitute the agreement between the two parties, contained the condition that the cost of all work in removing overburden, opening leases, providing access roads, winning coal, hauling and handling coal and any other expenditure to the date of the agreement should be recouped to the company forthwith.

This means that the Government is offering to bind itself completely to pay for the mistake of the company in wasting £10,000 in removing overburden from an open-cut which is of no value so far as the production of any worthwhile coal is concerned. This particular condition as offered by the Government to the company

is an absolute imposition upon the Government, and the Government makes itself extremely culpable in connection with the whole matter by offering a proposed condition of this kind to this or any other company. The Government should have taken some reasonable steps to protect its interests in this matter, and one of the reasonable steps it should have taken very early in the proceedings, when the company was about to remove overburden on the Black Diamond leases, was to ensure that all the advice that could be obtained from expert officers of the Mines Department and of the Electricity Commission was made available so that the Government, instead of allowing Amalgamated Collieries to use its own discretion, could have directed the company as to where this open-cut should have been developed.

But evidently this company is able to obtain from the Government almost anything it wants, almost anything for which it asks. I have no doubt that in accordance with the half promise given by the Attorney General to Mr. Downing he will, during this session of Parliament, see the Government bring down a Bill to amend the Coal Mine Workers' Pensions Fund Act for the purpose of relieving this coalmining company and other mining companies from the obligation to pay something out of their profits to maintain a pension fund for retired coalminers in this State.

Evidently when the company found it had blundered badly, and very expensively so far as the Government was concerned, by putting down the first open-cut in the wrong place, it did some good solid thinking for its own benefit and decided to put the second open-cut down on its own freehold property. According to information made available to me the second open-cut is now being developed on the company's own freehold property. I understand also that the depth of overburden is 90 feet, which means that it will be a tremendous undertaking.

Hon. J. B. Sleeman: Will the Government pay again?

Hon. A. R. G. HAWKE: It will be a tremendous undertaking to remove 90 feet of overburden before any coal can be obtained. I am sure the first open-cut did not have an overburden of 90 feet. It cost

at least £10,000 to remove that; and now, in the second open-cut, there is 90 feet to be removed. It is inconceivable that the removal can be effected for £10,000 or anywhere nearly as low as that. It is clear beyond any question that no coal will be produced by this company from the Black Diamond leases or on its own freehold land before Christmas. This proposed agreement is to be dated to finish at Christmas. Under the terms of the agreement the company is to be guaranteed for every pound, shilling, penny and half-penny that it expends, even though it produces no coal at all; and it does not matter whether the company expends the money wisely or stupidly—the Government will still be bound by the terms of this agreement to recoup the company for its expenditure.

Mr. Graham: The poor old taxpayer!

Hon. A. R. G. HAWKE: It may be argued that this will not penalise the Electricity Commission or the Railway Department. The Government might contend that all this special expenditure, this unnecessary and wasteful expenditure, will be met by the Government out of funds available to it, and that the Commission and the Railway Department will get the coal at the same price as they would if this wasteful expenditure had not been incurred. That might offer some consolation to the members of the Commission and to the Commissioner of Railways, but it is a very poor sort of consolation, if it is a consolation, to the general taxpayers of Western Australia.

If the Commission and the Railway Department do not pay for the wasteful expenditure, the Government has to get the money from somewhere. It will have to get it from the taxpayers generally; or perhaps it might make an approach to the Prime Minister, who, despite all the abuse which members of this Government pour upon his head, has proved himself to be reasonably inclined, if not generously so, to Western Australia. If the proposed agreement is signed, sealed and delivered, and expires on the 31st December this year, the company will be in a very happy position at the beginning of next year when its representatives and those of the Government will negotiate for the conditions to form the basis of a new agreement, because at that stage the Government will have nothing, except receipts,

for, perhaps, £20,000 of expenditure—and most of it wasteful—whereas Amalgamated Collieries will have the coal uncovered, or almost uncovered, in the second open-cut. The Government will be desperately in need of coal then, because it will be an extreme period of emergency in regard to coal supplies as some of the miners will then be taking their annual holidays. So, the company will certainly be sitting pretty in regard to any negotiations that might have to be entered into over a new agreement.

It appears, therefore, that from whatever angle the matter is viewed, the Government has sold itself out almost completely to the company. I suppose that every member has read in recent weeks of the attacks made upon the Commonwealth Government in regard to a variety of matters, by Messrs. Fadden, Harrison, Abbott, Anthony and others. I have been turning over in my mind what any one of those men would say if they were in this Opposition and the Government over there was a Labour Government, and had been responsible for anything half as bad as that for which this Government has been responsible in connection with this matter.

Mr. Kelly: They would crucify it.

Hon. A. R. G. HAWKE: If those men were members of this Opposition, and the Government there was a Labour Government and it had committed an offence—if I might use the term—of the type committed by the Government in this matter, they would charge the Government with wholesale bribery, corruption, and every other conceivable sin.

Hon. A. A. M. Coverley: And the Press would back them up.

Hon. A. R. G. HAWKE: I want to make it abundantly clear that I make no such allegation or charge. In fact, I do not even make any suggestion along those lines. I go further and express my belief that no Minister of the present Government would be guilty of anything of that description.

The Minister for Housing: I should think so.

Hon. A. A. M. Coverley: Just plain stupidity!

Hon. A. R. G. HAWKE: While I say that, I want to add that I think public men who outrageously condemn Ministers, irrespective of whether they are Labour or

anti-Labour Ministers are, to a large extent, playing into the hands of the communists of Australia, whose main objective is to destroy the faith of the general public in our public men and Parliamentary system. It stands to reason that if public faith in the personal honesty and suchlike of members of Governments, and in our Parliamentary system can be sufficiently weakened, then recruitment of additional members to the Communist Party is the logical outcome. So, I take this opportunity to make it abundantly clear that I make no allegations, charges or even suggestions which would impute any dishonest financial motive against any member of the Government.

Having said that, I am compelled to give consideration to the question as to why the Government would do the things it has done in connection with this matter, because there is no doubt that the Government, in doing what it has done, has sabotaged the Electricity Commission. We cannot take away from an instrumentality its lifeblood, or endanger the source of its lifeblood, without imperilling the instrumentality itself. In addition, the Government, by its proposals, has beyond question sacrificed the best interests of the taxpayers of the State. Why would it do these things? As I mentioned earlier, the Minister for Mines, soon after the Government made its final decision to hand these leases back to the company, tried to put one over the public by saying that the Government had made this decision because the company had the plant and equipment to develop the leases, whereas the Electricity Commission had none. That excuse has been wiped out time and time again, so that was not the reason.

Subsequently the same Minister said the Government made its decision as it was facing a huge claim for compensation by the company because of the action of the State Electricity Commission in compulsorily resuming these leases and the 220 acres of freehold land which then belonged to Amalgamated Collieries. I have no doubt, knowing the company as I do, that it did make a most extravagant claim for compensation, although there is no trace of any such claim on any of the files that were laid on the Table of the House.

Mr. Marshall: It had no basis for the claim.

Hon. A. R. G. HAWKE: It never made a written claim of any kind upon the Government, in connection with the matter, yet the Minister for Mines told the public that because the Government was facing a huge claim for compensation, it had decided to hand the leases back to the company. The Government of which I was a member, when it authorised the Electricity Commission to resume these leases and the freehold land in the vicinity, did not overlook that possibility. We realised that the company might have some claim for a small amount of compensation, and we took special precautions to ascertain, as far as was possible at the time, just how great any claim might be that the company could make. Page 21 of State Electricity Commission file No. 7/7/3 contains a minute from the then Premier, Hon. F. J. S. Wise, dated the 18th December, 1946, to the Minister for Electricity who, at that time, happened to be me. Among other things, the Premier's minute states that compensation would have to be paid to Amalgamated Collieries in the event of the Black Diamond leases being acquired by the Commission, and also that the Under Secretary for Mines had stated that the compensation should not be great as the improvements made by the company during the time it held the leases were slight.

It must be remembered that the Under Secretary for Mines is a hard-headed and practical man with years of experience in the mining business. He is a man who, with regard to a question of compensation in relation to mining, would probably have more expert knowledge than would anyone else in this State. His advice to the Premier in December, 1946, was, as I have already said, that any claim for compensation should not be great, as the improvements made by the company on the land were slight. Page 24 of the same file contains a minute sent by the chairman of the Electricity Commission to the Minister for Electricity on the 20th December, 1946. Paragraph 8 of that minute states that the Crown Law officers had advised that any compensation payable by the Crown to the company covering the proposed acquisition of the Black Diamond leases would not be heavy, even if it had to be paid on a royalty basis. It is clear from the advice given to the Government at that time by the Under Secretary for Mines and by the Crown Law

Department that the company could in fact have a claim for only a small amount of compensation. I understand that during all the years the company held these leases prior to March, 1947, it expended practically nothing on them, despite the fact that it held each lease for more than 21 years.

Mr. Marshall: For 35 years, in one case.

Hon. A. R. G. HAWKE: It might well be that, when the company knew that the State Electricity Commission was going to resume the leases, it spent a few pounds in order to make a show and try to establish for itself a false basis upon which to build a claim for compensation. Though the company might stoop to that sort of trickery I suggest that no arbitrator or judge who might be appointed to decide the actual sum of compensation payable to the company would be fooled by a practice of that sort. I do not think the second reason put forward by the Minister for Mines—when his first reason had been knocked sideways—has any strength in it. The third reason fabricated or thought of by the Minister for Mines—after his two previous reasons had been broken down—was that the policy of this Government is to encourage private enterprise and is a policy in opposition to socialism. Let us for the moment admit that that is so. The State Electricity Commission is—if one cares to call it such—a socialised instrumentality. It is a commission established by the State through a special Act of Parliament.

If the policy of this Government is 100 per cent. in favour of private enterprise, and no-one believes it is, the Government ought to repeal the State Electricity Commission Act, abolish the Commission and give some private company or individual legal rights and opportunity to generate and distribute all electric power in Western Australia in the future. Even if the anti-socialism policy of the Government does not go that far the straight-forward course for it to have adopted in this matter would have been to bring down an amending Bill to repeal those sections of the Act which give to the Commission legal authority to obtain and operate coalmines, open-cut or otherwise. It is to be remembered that Parliament and not the Government gave these powers to the Commission. I believe the Government will be acting quite wrongly if it usurps the right to cancel the power given

by Parliament to the State Electricity Commission. If the Government wanted to test that issue or desired an expression of opinion from Parliament about its policy in the matter it should have brought the whole question before Parliament in the form of a Bill to amend the State Electricity Commission Act.

If the Government could have convinced a majority of members in this House and a majority in another place that the legal authority now contained in the Act regarding the acquisition and development of coalmines by the Commission is an authority that the Commission should not have, it would have been the decision and responsibility of Parliament and no-one could have put forward any legitimate complaint as to that aspect of the question. But the Government did not do that. It simply directed the Commission that it was not to use the legal power that Parliament had given it in respect of coal. The Government has told the Commission that it is to accept an agreement made between the Government and Amalgamated Collieries Ltd., under which the company will get much more than it should for the coal—much more than it would have been necessary for the Government to pay for coal had it allowed the Electricity Commission to proceed with its own policy of developing open-cut coalmines on the Black Diamond leases.

The question of State ownership versus private enterprise is a great matter for argument in an abstract way and a great subject for debate among debating societies, but I suggest that when we come up against a practical issue of this kind the normal arguments for and against are of little value, and do not apply. Any man, irrespective of what political party he belongs to, who argues that we must have private enterprise for various reasons and must have no State enterprise and no socialism, is a lunatic—speaking in a political sense—because obviously in these days there must be a great deal of State ownership and direction in order that communities may be protected against the huge aggregations of private capital with all their interlocking honourable or dishonourable agreements one with the other, made for the purpose of exploiting the public to the greatest possible extent.

In this particular issue the outstanding fact is that Parliament established the Electricity Commission and gave it, in a special Act of Parliament, authority to control the generation and distribution of electric power in Western Australia. Parliament also gave it a lot of other authority to do all the things that might be requisite to enable it to fulfil its purpose efficiently, wisely, and to the best advantage of the State and its people. Everyone knows that one of the basic requirements for the generation of electric power is coal. Yet this Government is going to put the Electricity Commission in a position where it will be absolutely dependent for its lifeblood upon Amalgamated Collieries Ltd. It is putting the Commission in an impossible situation. The Commission itself, or the members of it, will not pay. After all the Commission is composed of only seven or eight individuals and most of them can afford to pay an extra 2d. or 3d. per unit for power. It would not be any financial worry to them. They will pass the cost on to the consumers and the people who will be forced to pay for the pliability of the Government, and the weakness of the Government, in this matter, will be the people who will buy electric current from the Commission in future.

There is another very worrying feature associated with the matter. The South Fremantle power scheme is in course of construction and, when completed, will have a great generating capacity which is urgently required for the vital secondary industries in the Perth-metropolitan area. Does any Minister in this Government think that Amalgamated Collieries will produce all the coal required by the Commission? Do they think it will satisfy the needs of the East Perth power station and at the same time the needs of the South Fremantle power station? If the Government is to depend upon this company to provide all the coal supplies needed in future, then the Government is going to have more headaches in regard to the shortages of coal supplies in the future than it has had during the 18 months it has been in office. It was because our Government was sick and tired of trying to impress upon Amalgamated Collieries—

Mr. Marshall: We forced them at the finish.

Hon. A. R. G. HAWKE: —the necessity to draw up a plan properly to develop the

coalfields at Collie, that we determined to do our utmost in Parliament to obtain for the State Electricity Commission legal authority to take whatever steps it deemed necessary to enable it to get its own supplies if it thought such a course was necessary. Then of course we had the Victorian example where an anti-Labour Government, many years ago, established the State Electricity Commission of that State and gave it legal authority to do many things including the opening up and developing of coal supplies. That Commission has now been in operation for many years and its experience has been eminently successful. So much so that only this year the present Liberal-Country Party Government in Victoria brought down legislation to enable the Commission greatly to expand its operations especially in the direction of obtaining additional coal requirements for its own electrical undertakings. I think the additional amount of capital involved in the proposed new development is at least £20,000,000. So all this thin talk about the Government having made the decision it has made to hand the leases back to Amalgamated Collieries because it is against socialism and favours the encouragement of private enterprise, is seen to be completely invalid when we look at it from the practical point of view.

Why should any Government, whatever its policy in regard to socialism or private enterprise, not set up its own instrumentalities for the purpose, instead of benefiting a private company and especially a company like Amalgamated Collieries Ltd.? There is a humorous side to this Government's policy of non-socialism and it concerns the member for York.

Mr. Marshall: You cannot socialise him.

Hon. A. R. G. HAWKE: I understand there is a State hotel established and operating at Bruce Rock. The people of the district, or a considerable number of them, thought it would be a good idea if they could convert the State-owned and operated hotel at Bruce Rock into a community-owned and community-operated hotel. When we were in office as a Government the people of the district, through the member for York, approached us for the purpose of ascertaining whether our Government was willing to do anything in the matter. We informed them that we were not. The member for York then brought down a motion

in this House and declared that in his opinion State hotels should be made available to communities in the areas concerned so that the hotels might be operated by the communities. This would enable them to expend, out of the profits, moneys for very desirable local purposes.

I understand that when the present Government was approached by the people of Bruce Rock, someone suggested that they should take a referendum to make sure that the people of the district did not want the socialised hotel at Bruce Rock to continue in operation any longer but wanted it to be converted into a community-owned and operated hotel. I should have thought that this Government, with its hostility to socialism, would have jumped at the chance of disposing of the socialised hotel at Bruce Rock.

*The Minister for Education:* You must amend the law before you can do that.

Hon. A. R. G. HAWKE: The Government has had plenty of time to do that.

*The Minister for Education:* Do you know what happened at the referendum?

Hon. A. R. G. HAWKE: Yes, and I can tell the Minister for Education. This matter was brought up at the public meeting at Collie and when I commenced to refer to the matter at the meeting the Minister for Mines said that the people concerned did not want a community-owned hotel. When I was able to prove that they did want it he said that they had had a referendum and turned the proposal down. I was then able to prove to the Minister that they had taken a referendum and that they did not turn it down. When confronted with the information the Minister said that the majority was not big enough.

*The Minister for Housing:* They had two referendums. They turned it down and at the next referendum they agreed to the proposal.

Hon. A. R. G. HAWKE: The Minister for Housing now tells us that they had two referendums. At the first one they turned the proposal down and at the second one they carried the proposal. Yet this non-socialistic Government, this Government which hates the name and sight of socialism of any kind, refused to hand this socialised hotel at Bruce Rock over to the local people in order that they might carry it on as a

community-owned and community-operated institution. So it is clear that on this question of socialism, or non-socialism and encouragement of private enterprise, the Government has a very convenient conscience. It is, of course, an entirely different matter when a powerful company like Amalgamated Collieries, with Mr. Downing as its negotiator, comes into the picture. A very different matter!

*The Attorney General:* Will you assist us to pass legislation to dispose of these hotels?

Hon. A. R. G. HAWKE: I will assist the Attorney General to pass legislation to prevent the Government crippling the interests of the Electricity Commission—

Mr. Styants: Keep him to the point.

Hon. A. R. G. HAWKE: —by cutting off its lifeblood for the purpose of trying to get bigger dividends for the shareholders of Amalgamated Collieries. I will do that.

Hon. J. B. Sleeman: How many shares has the Attorney General?

*The Attorney General:* What a very unpleasant remark.

Mr. Graham: A guilty conscience somewhere.

Mr. Fox: None of it is palatable.

Hon. A. R. G. HAWKE: I am much more concerned, a thousand or a million times more concerned, with the vitally important matter now before the House than I am with a paltry hotel at Bruce Rock. I only brought in the Bruce Rock illustration to indicate to the House and the public just how weak and flimsy and free of conscience the Government is in connection with this non-socialism business. The Premier only yesterday had to attend a gathering of Liberals.

*The Premier:* And they were most enthusiastic, too.

Hon. A. H. Panton: They were, according to the Press.

Hon. A. R. G. HAWKE: They were most enthusiastic; so enthusiastic that the Premier had to beg them to call their dogs off.

Hon. A. H. Panton: Especially Bill Grayden, and one or two others.

*The Premier:* I am sorry the reports have to be curtailed owing to the shortage of space.



Hon. A. R. G. HAWKE: The Premier went down there expecting to be greeted with the greatest possible enthusiasm.

The Premier: And they sang "For he's A Jolly Good Fellow," and gave three hearty British cheers.

Hon. A. R. G. HAWKE: And the Premier, on this question of State socialism, or no State socialism, had to beg the more radical Liberal members of the convention to give him a fair go and cease their criticism; to try to understand his difficulties, and to appreciate that there had to be State socialism in the field of transport—

Mr. Marshall: Aha!

Hon. A. R. G. HAWKE: —and that he could not give way to their demands that this route or some other route be given to a private bus company, and that the Stirling-highway, through Nedlands, should be given to a private bus company.

Mr. Bovell: I do not remember the Premier saying all this.

Hon. A. R. G. HAWKE: Well!

Hon. A. H. Panton: I suppose you were asleep, as usual.

Hon. A. R. G. HAWKE: I am inclined to think that even if the Premier did say it, the hon. member would not remember it now. But that is just by the way. This motion seeks to censure the Government on two counts, the first being that it has sabotaged the State Electricity Commission—

Hon. J. B. Sleeman: There is no doubt about that.

Hon. A. R. G. HAWKE: —by handing back the Black Diamond leases to a private company and thereby putting the Commission in the position of not being able to produce its own coal requirements; and the second count is that the Government, in the agreement that it proposed to make with the Amalgamated Collieries Ltd., is dancing to the tune called by Mr. Downing on behalf of the company, and in doing that is sacrificing the best interests of the people in this State of Western Australia.

**THE MINISTER FOR HOUSING** (Hon. R. R. McDonald—West Perth) [8.34]: Well, Mr. Speaker, we have listened to a most interesting speech.

Hon. A. H. Panton: One of the best put up in Parliament for a long time.

The MINISTER FOR HOUSING: I always like the speeches of the Acting Leader of the Opposition.

Hon. J. B. Sleeman: Speak up!

The MINISTER FOR HOUSING: This has only one defect, and that is that he has completely misconceived the whole position, and I do not blame him. This coal business is very intricate, and very few people know the broad aspect of coal in Australia and particularly in this State. It may be intricate in other countries, but it is most intricate in this State. The Acting Leader of the Opposition has made quite a case regarding matters which simply do not exist. That is the plain fact—

Hon. J. T. Tonkin: You had better tear the files up, then.

The MINISTER FOR HOUSING: —and I will proceed to show that they do not exist. To get some idea of the position here, we need to look at the whole substance of the electricity and coal position in this State and to regard the situation as it stood when the Government assumed office at the beginning of April last year. And we need also to bear in mind, if I may say so, that the previous Government had been in office for 14 years.

Mr. Marshall: The same old swan song!

The MINISTER FOR HOUSING: That Government and successive Labour Governments had been in office for 14 years, and, allowing two or three years in which to shake down after 1933, we might then expect perspicacity in decisions and all the other factors which mark a really successful Government.

Hon. J. T. Tonkin: The war years mean nothing; you can disregard them?

The MINISTER FOR HOUSING: On the 14th March, 1947, as a result of a general election, there was a change of Government in this State, and when the new Government came into power one of the things it commenced to look at was a subject of vital importance to the economy of the State, namely, the subject of coal, and it found that a very extraordinary, indeed unusual—I would not attach any other epithet to it—occurrence had taken place, namely, on the day before the general election a Gazette issue showed that the Government, for the Electricity Commission, had resumed two mineral leases in

order to form a State coalmine. At the same time—the fact remains vividly in my memory—a man had remained five weeks in a condemned cell and his case had not been dealt with because it was thought by the outgoing Government that the question of policy on capital punishment might be involved. But on another matter, which also affects policy, a Gazette was rushed through on the day before the general election by the previous Government, and these leases were compulsorily resumed by the State Electricity Commission on behalf of the State.

Mr. Nimmo: They would not do that!

The MINISTER FOR HOUSING: We then met—

Hon. A. H. Panton: It was fortunate that you did.

The MINISTER FOR HOUSING: —to deal with the situation, and when we considered the matter of the resumed Black Diamond leases and the intention of the Government to open a State coalmine, we also had to consider the aspects of the coal industry in various other departments. The first thing we looked for—if you will allow me, I may take some little time on this, Mr. Speaker, because I would like the House to know for the first time what the real facts are on this coal position—was the supply of coal for Governmental instrumentalities, the railways and the State Electricity Commission. Between the two of them, these vital Government instrumentalities purchase 85 per cent. of the total coal produced by Amalgamated Collieries. The remaining 15 per cent. goes partly to the Collie power house and partly to private industry. We asked what the position was and found to our consternation that coal was being supplied to the Government Railways and to the Electricity Commission at a cost running into hundreds of thousands of pounds a year without any agreement at all.

In 1941, the basis of payments by Government departments for coal was laid down by Mr. Justice Davidson of New South Wales and in 1945, on a further reference being made to that learned judge, who is a coal expert of Commonwealth-wide fame, he dealt with the matter again and in effect reaffirmed the principles upon which coal should be supplied by Amalgamated Collieries to Government instru-

mentalities—the Railways and the Electricity Commission.

Pursuant to these determinations of the learned judge, a written agreement was made between the Commissioner of Railways—prior to the advent of the State Electricity Commission Act, he represented the electricity side also—and Amalgamated Collieries, signed, sealed and delivered, providing for the supply of coal for railway and electricity purposes at a price which was determined and fixed on various terms regarding quality and other factors. That agreement was of considerable size and expired on the 31st December, 1945.

Let me pause here a moment to explain the basis of the agreement because we hear a lot of completely loose and inaccurate talk about a cost-plus basis. The terms of the Davidson Award, as embodied in the agreement and as it has been operating up to the present time, is that Amalgamated Collieries shall receive by way of return for profit 6.913 per cent. on its capital engaged in the coalmining business. The learned judge found that the capital, in round figures, was £274,000, and the amount he awarded to the company for profit on coal sold to Government instrumentalities at 6.913 per cent. on capital was £18,625. That has been the basis of profit for Amalgamated Collieries on all coal sold to the Government which, as I said, represents 85 per cent. of its total production. Whether the company sold much or little, its profit was £18,625.

Mr. Leslie: If the company sold one ton, surely it would be less!

The MINISTER FOR HOUSING: We shall not go to something that would manifestly be outside the intention of the contract.

Mr. May: Are you sure that the total was not £22,000?

The MINISTER FOR HOUSING: The amount was £18,625, with this stipulation that if the company increased its capital by expenditure on capital assets, equipment and so forth with the consent of the Government through the Railway Department, then it would be allowed, in addition, 6.913 per cent. on the additional capital supplied. The capital, I understand, has not been materially increased, and the profit on which the company has been operating has been £18,625. If the company

produced 100,000 tons or 200,000 tons more coal, it would still get £18,625 plus the percentage I have mentioned on additional capital, if any, spent with the approval of the Government.

There is no cost-plus about that. It is a matter of paying a fee to the company for the purpose of remunerating it and its shareholders in respect of their money for services rendered in supplying coal to the Government, which represents 85 per cent. of its production. Of course, in respect to the small additional percentage of coal it produces, the company can sell it to the Colliery power house and to private industry, but all coal sold to private industry is charged for at a price fixed hitherto by the Commonwealth Prices Branch as a fair price to the consumers.

Mr. Styants: And much less than the price paid by the Government.

The MINISTER FOR HOUSING: It was something less than was paid by the Government until recent months. I think it has now been brought more into line with the price paid by the Government.

Mr. Styants: Then that must have occurred since the Royal Commission reported, because it reported adversely on that.

The MINISTER FOR HOUSING: I do not wish to enter into too much detail. If the member for Kalgoorile, who evidently has paid some attention to this matter, cares to look at the agreement, which I shall be pleased to show him at any time, he will find that it contains provisions designed to assist the company to a limited extent in respect to private sales, which no doubt were taken into account when the Prices Branch fixed a fair price at which coal could be sold by the company to private consumers.

Cost plus is something entirely different. Cost plus means that the supplier receives a percentage on his cost. The higher his costs, the more he would get, because the percentage would be based on a bigger figure. In some cases cost plus could mean that the more a supplier sold, the bigger the profits he would receive. But to apply that term, which is loosely used even in documents, the authors of which should have more exact knowledge, to this coal production for the Government is quite inaccurate.

Now let me resume my story as to how the position stood. The Government, with some consternation, found when it took office that for 15 months coal had been coming from Amalgamated Collieries to the Electricity Commission and the Railway Department without there being any written agreement at all and not only no written agreement, but no agreement between the various parties as to what the terms of supply and purchase and payment were. And this from a Government which has ventured to pass criticism on the business acumen of the present Government!

Hon. J. T. Tonkin: You gave the bulk-handling installations away without an agreement. What are you talking about?

The MINISTER FOR HOUSING: One sometimes carries on without an agreement.

Hon. J. T. Tonkin: Ah!

The MINISTER FOR HOUSING: But when you conduct, and have been for many years, a major department of State and have had written agreements before, then I think common prudence and elementary administration by Government, would have seen that in decent time you replaced the expiring agreement by a new, definite agreement in writing. So, Mr. Speaker, the new Government comes on the scene and that is what it finds. That supply had been going on for 15 months after the old agreement expired; and, as I said, with no consensus of opinion on the part of the parties concerned as to what should be in the new agreement.

Mr. May: It is a very difficult company to deal with, you know.

The MINISTER FOR HOUSING: The hon. member should have told that to my friend, the Acting Leader of the Opposition.

Mr. May: You have discovered it since.

The MINISTER FOR HOUSING: I do not think that coal is easy; from the speech we heard tonight one would think it was the easiest thing in the world. I propose to tell the House just how difficult was the coal position that became the heritage of the present Government, because that has an immediate bearing on the Black Diamond leases arrangement. The agreement expired, as I said, at the end of 1945; the Electricity Commission came on the scene in 1946. The Railway Department was already on the scene, and there was the company, and apparently these parties could not get their

heads together and come to an agreement. As far as I can see, there was complete Ministerial inactivity until, after the agreement had been in this state of vacuum for nearly 12 months, the member for Murchison leapt into the ring.

Hon. E. H. H. Hall: Ah!

The MINISTER FOR HOUSING: He either leapt in or was pushed in.

Hon. A. H. Panton: You are wrong. He leapt in and was pushed out.

The MINISTER FOR HOUSING: I render him a tribute of admiration, because at that time, as far as I can see, he had no second, neither Attorney General, Deputy Premier nor anybody else. He was all by himself.

The Minister for Lands: Fighting a lone hand.

The MINISTER FOR HOUSING: He got into the ring—

Hon. A. H. Panton: He will be in again tonight.

The MINISTER FOR HOUSING:—with the Amalgamated Collieries and he did not even get a toe-hold. He was thrown out of the ring almost immediately. I will tell you why he got into the ring, Mr. Speaker. At the end of 1946, this preceding Government, full of prudence and foresight, with rapidity of action and decision of character, found itself in the usual trouble with regard to coal supplies for the Christmas and miners' holidays.

Mr. Graham: Very similar to this Government!

The MINISTER FOR HOUSING: This Government does not claim any extraordinary ascendancy in the way of administration. It claims to be a pretty fair businesslike Government.

Mr. Graham: You are forgetting your election posters now.

The MINISTER FOR HOUSING: Let me tell you at once, Mr. Speaker, that, as regards the Black Diamond leases arrangement, I want to pass no criticism on to the Attorney General or the Minister for Mines. I have been associated with this agreement and am prepared to tell the House just what it means and all about it. At the time the member for Murchison became Minister for Mines, he saw that the coal trouble was difficult, as usual. But he did not start a

socialised mine. Not he! He went to the Amalgamated Collieries and said, "What about opening up the Wallsend open-cut?" Quite sensible, perfectly sensible. When he does it, it is statesmanlike. When we do it, it is bad business. So he goes along in 1946, not yet having fixed up his main agreement, and says to Amalgamated Collieries, "Would you please open the Wallsend open-cut, because we are short of coal and I want coal quickly for the Christmas holidays."

The Minister for Lands: He showed business acumen.

The MINISTER FOR HOUSING: The company, with its customary expedition, opens up the open-cut, using Messrs. Bell Bros., and it produced the coal the Minister wanted. But once again he did not have an agreement, and I am not blaming him. He got the coal first. Like a sensible man, he knew he could fix up the agreement in due course. He acted first. It was coal first, not bits of paper, in the opinion of the member for Murchison, and he was quite right. So, towards the latter end of 1946 he gets his coal from the Wallsend open-cut without any agreement. On the 5th December, 1946, the hon. member writes a letter to Amalgamated Collieries in which he sets out what was the agreement between the Government and the company regarding the Wallsend open-cut.

Attached to that letter was a document which is commonly known as "Clause 18 (a)," which was meant to be an addendum to what was to be in due course an agreement to carry on the position from the end of 1946. The hon. member is deserving of the censure of this House according to the Acting Leader of the Opposition, but not according to me; because, Mr. Speaker, he got going and wrote this letter, with Clause 18 (a) attached, setting out the terms on which the Wallsend open-cut coal should be supplied to the Government. It was for a period estimated to end on the 28th February, 1947. The colossal error that the hon. member made, in the judgment of the Acting Leader of the Opposition, was that he never consulted the Electricity Commission—not a word—or, if he did consult the Commission, he over-rode it; because the hon. member's agreement, as per his letter of the 5th December, 1946, is the iniquitous agreement referred to in the file of the Elec-

tricity Commission. He, the hon. member, is the author of that iniquitous agreement—

Mr. Leslie: Dear, dear!

The MINISTER FOR HOUSING:—because he never consulted the Electricity Commission or, if he did, he overrode it. Let me pause a moment and say a word about the Electricity Commission. I have a great respect for that body. The chairman and great devotion to the interests of this State. He is also a man—and I am going to give this portrait study because I know he will read it—of very strong convictions; and I know, and am in no way criticising him for it, that once he forms an opinion as to what course should be pursued he is convinced that that is the only course to take. When the then Minister for Works—now the Acting Leader of the Opposition—brought down the Electricity Commission Bill, he included in it the words “subject to the Minister.” I suppose he put them in for some purpose; certainly he put them in. I am going to mention this in some detail later, but I want to say now that the Government is going to run this State and not the Electricity Commission, even though it is such a respectable body.

Government members: Hear, hear!

Hon. A. R. G. Hawke: That appeals to the dictator from Mt. Marshall!

The MINISTER FOR HOUSING: I think he agrees with me, and I fully anticipate his voting against this motion.

Hon. J. T. Tonkin: I thought there was a danger of Co-operative Bulk Handling Ltd. running the Department of Agriculture!

The MINISTER FOR HOUSING: The hon. member, by a letter of the 5th December, 1946, decided to tack on to an agreement which was yet to be made a new clause which was a departure from the general principles of prior agreements; because, whereas, as I said just now, the company was to get a fixed fee of £18,625 in respect of all the coal supplied, the hon. member, for reasons best known to himself—but, I again say, I think with considerable merit or at all events justification for entertaining such a view—departed from that, and provided that the company should get a profit of 1s. 2d. per ton on all coal from the Wallsend.

So for the first time the company was to get more profit for more coal delivered; whereas previously it got the same fee for any quantity of coal delivered, within limits, large or small; and it had no incentive under the previous arrangement, looking at it from the selfish, human point of view, to expand production; because, on its fixed fee, it received no more profit. I inquired what the profits were, just as a matter of interest, and I made a note of them. The accounts for the year ended the 30th June of this year have not been finalised; but for the three years ended the 30th June, 1945, 1946, and 1947, the dividends on the preference shares were 6 per cent., 6 per cent., and 5½ per cent. respectively; and the ordinary shareholders have had no dividends since 1941.

Mr. Smith: Did the P. & O. get anything out of it?

The MINISTER FOR HOUSING: They are shareholders.

Mr. Smith: Did they get anything?

The MINISTER FOR HOUSING: I do not know whether they are preference or ordinary shareholders.

Mr. Smith: They are ordinary shareholders.

The MINISTER FOR HOUSING: If they are ordinary shareholders, they whistled for their money. A very curious and very meritorious piece of legislation was brought down some years ago called the Coal Mine Workers (Pensions) Act. Everybody desires to see coalminers receive pensions. When that Bill was passed, I supported it. I did not know very much about it at that time. I did not know how these things are worked and paid for. I took the word of the Government, or the understanding behind the measure, that it was actuarially sound. I will deal with that later; it is all mixed up with the Black Diamond story.

By that Act, a contribution had to be made to form a fund to pay those pensions, by the coalminers—who were the recipients and beneficiaries; by the companies, particularly Amalgamated Collieries, the only big company there; and, to a small extent, by the State, which was to pay no more than £4,500. By the Act, the company was authorised to deduct its contributions from the moneys payable to the shareholders. I am not going to ex-

press an opinion about that for the moment, because it is intricate, and I think it will be before the House again in a very short time. But the company, being as regards almost all its revenue, on a fixed fee of some £18,000, could pay its share to the fund only from that £18,000. Its payment was at the rate of so much a head for every miner employed by the company; and the company employs some 800 or 900 men.

The result is this—and I mention this because it is evident from the remarks of the Acting Leader of the Opposition that he has not the remotest idea how this fund works, for otherwise he would not have made the references he did—that the more men the company employs, the more it pays to the fund and the less it has for distribution amongst its shareholders; with the net result that if it continued to expand its employment, in due course it is possible that its contributions to the pensions fund would take up the whole of its fee, assuming the present arrangement was continued, thus allowing nothing for shareholders. I am not going to express any opinion on that, except to say that under that arrangement the more men the company employs, the bigger the amount it has to pay to the fund as a contribution from its fixed profit and the less money it is going to make for its shareholders. So the more it produces, the less it gets; and that is a bad thing for a man or a company—even for a member of Parliament. We cannot get ordinary human people to do their best on the basis that the more they work the less they receive.

Mr. Rodoreda: Would not the company have to increase its capital in order to increase production?

The MINISTER FOR HOUSING: No.

Hon. J. T. Tonkin: Yes; he has overlooked that.

The MINISTER FOR HOUSING: All I say is: Do not dismiss this as something that should not be re-examined. The company should pay and must pay, and all concerned must pay, an equitable share; but there is room for an examination as to whether the present system is or is not in the interests of the public and the production of coal.

I was dealing with the situation when we came into power in April, 1947 and found the position with regard to supplies

of coal to the Railways and the Electricity Department to be in what I might call a chaotic condition. We took over in April, and in due course tried to get an appreciation of the position. That was not easy for a new Government following a Government, or a series of Governments, that had been in power for 14 years. However, we lost no time, and we found that the Electricity Commission and its chairman, a man of strong principles and desiring at all times to have the interests of the State at heart, took the strongest possible exception to the terms of the agreement—in particular to the iniquitous agreement which had been signed by the member for Murchison, as Minister for Mines. The chairman of the Electricity Commission would not sign it. In fact, he was dismayed at the improvident, imprudent, ridiculous and unbusinesslike arrangement which the Government had made through the Minister for Mines of that time!

Hon. J. T. Tonkin: Did he state that to you privately?

The MINISTER FOR HOUSING: No, I know it.

Hon. J. T. Tonkin: Where does it appear on the file?

The MINISTER FOR HOUSING: I do not say he said that to me, but I know in fact that he was dismayed, because he has called this an iniquitous agreement, and that is on the file. So, to use the phraseology of the Acting Leader of the Opposition, who spoke with his usual histrionic skill, I say that Mr. Dumas is a man who lives a life of shocks. He is always being dismayed, and he was dismayed by the Government of which the Acting Leader of the Opposition was a member, and then when a new Government came in he was again dismayed. However, the iniquitous agreement which the Minister for Mines, the member for Murchison, made on the 5th December, 1946, was in existence before the present Government came into power. As far as I can see, it was a binding agreement, but be that as it may, there is a very necessary and salutary tradition of Government, that successive Governments honour the contracts which their predecessors make with members of the public. So, this Government felt that whatever the merits or demerits might be, it was its

duty to honour the arrangement regarding the Wallsend open-cut made by the preceding Government.

My Government looked into the iniquitous agreement of December, 1946, and got the parties together—I played a part in this myself. We called the representatives of the Electricity Commission and the railways, and the respective Ministers together, and we said, "This cannot continue." They agreed. We said, "We cannot have hundreds of thousands of tons of coal supplied to Government departments without any clear definition as to the price to be paid and the fixing up of our accounts, as we will be in a chaotic condition." As a matter of fact we had already arrived at a chaotic state, and we did all we could to overcome the difficulty. As I have said, we called the parties together and after much discussion the Government had to act, in some sense as an arbitrator and we got the agreement signed on the 23rd December, 1947. It had been intended by the preceding Government that the agreement should run for three years commencing from the 1st January, 1946. In view of the chaotic conditions we found regarding the agreement, or lack of agreement, the present Government determined that it would not allow the agreement to continue for more than two years, with the result that although it was signed in December, 1947, it expired on the 31st December of the same year. So, we fixed up that agreement.

That was No. 1 mess that we cleared up to a certain extent. Having done that, we looked around at other aspects of the coal position. Last year, as a side line, the Government brought down for the coal-miners, the short Amenities Fund Bill which is now an Act. I was very glad when I was in Collie—Mr. May was there—the other day, talking to the men, to learn that although the Act had been in force only a few months, they were considering how to lay out the first £1,200 of the fund. Of course, they will get £3,000 or £5,000 a year, in perpetuity as time goes on, and even more. Also, this Government initiated measures to provide coal for the future as the Electricity Commission wants it. The Collie coal basins have never been tested by deep boring, but only shallow bores of 800 to 1,000 feet. The Government arranged for machinery to come from

America, and experts to operate it, in order to bore to a depth of 3,000 feet and so, for the first time, test the existence and quality of coal at depth in the Collie field. The machinery is about to arrive, and, I understand, the expert from Canada is already here.

This will possibly be the most significant development in the Collie field since it was first discovered because, for the first time, there will be a complete testing by experts with the latest boring machinery to a depth that will reveal whether or not we may have large supplies of coal of high calorific content in reserve in the Collie basin. However, that was just by the way while we were wrestling with the agreement. We were looking at other aspects of the Collie coal position while we were trying to fix up the agreement, which we did finalise in December of last year. We had a look at the Collie miners' pensions fund, which is very interesting. I would like to say a word or two about it because it is mixed up in the attitude of the Government on the Black Diamond agreement.

Mr. Hegney: Why were the leases handed back?

The Minister for Education: The Minister for Housing has been talking for only half an hour yet. Give him time.

The MINISTER FOR HOUSING: I will be here for two or three hours.

Hon. A. H. Panton: We are used to knocking off at 5.30 a.m. on Fridays.

Mr. Styants: There has been a school of red herrings going around.

The MINISTER FOR HOUSING: I informed members some time ago that I was looking forward to telling the story of Collie, and this is my chance. I want to tell the story of Collie, and I want the public to know that story.

Hon. J. B. Sleeman: But not the story of the Black Diamond leases.

The MINISTER FOR HOUSING: The people can know all about that, too. I want to show the position when this Government came into power, because it has a bearing on the matter of the Black Diamond leases. In our spare time, after dealing with all the other messes regarding the non-agreement or iniquitous agreement, we had a look at the Collie miners' pensions fund, and we found a report on it by Mr. Gawler, Vic-

torian Government Actuary, who was the consulting actuary on that fund. He set out a table showing that at the 30th June, 1945, the liability of the fund was £340,170; in other words, the liabilities at that time to people who were receiving pensions or had become contributors and were therefore entitled in due course to pensions gave an actuarial deficiency of £340,000 odd which the taxpayers of this State, in the absence of any new scheme, would have to meet. Every new contributor added to and will add to that liability until the matter is rearranged. Mr. Gawler's report was addressed to the chairman and members of the Collie Mine Workers' Pension Tribunal, Perth. In it he said—

In conclusion, I wish to emphasise that the present position is serious and any delay in taking remedial action will increase the deficiency.

The liability was then a third of a million pounds and I do not know what the full extent of the actuarial deficiency now is. We were occasioned great concern by the fact that the previous Government, in the face of that report, had apparently taken no adequate action. The House was not informed of the position, and payments were being made illegally and contrary to the Act in the case of certain types of pensioners who were already in receipt of old age and other social service pensions. Last year, as will be remembered, I brought down a Bill which this House approved and passed, under which the Government did all it could. It ratified, to the end of this year, what had been done in regard to making payments illegally to miners who had quite reasonably become accustomed to receiving them. That measure is to operate until the end of this year.

The Government initiated, without delay, steps to have the whole position re-examined by Mr. Gawler and the Collie Miners' Pension Tribunal, with its chairman, Mr. Bromfield, with a view to having a new scheme evolved to put the fund, if possible, on a sound actuarial footing for the future. The taxpayers were facing a potential liability of one-third of a million pounds. That liability had been lying dormant—as regards any appropriate action—since 1945, some 18 months or two years prior to the present Government taking office.

Mr. Styants: What was the date of the actuary's report?

The MINISTER FOR HOUSING: There are two reports, one of the 30th September, 1945, and one of the 10th October, 1945. That was another shock, with regard to the coal position, for the incoming Government. However, we did all we could. We brought down legislation and told the House exactly what the position was and how great was the potential liability. I told the House that the taxpayers of the State would possibly have to pay a third of a million pounds but that we would have the position overhauled and would get the best expert advice available. That has been done and the report of the actuary, with suggestions, is about to receive the consideration of all the parties concerned. In fact, we did all we could.

Then we looked at the coal and electricity position to see where we stood in that regard. We found that the Electricity Commission was in a position of extreme difficulty. By Act of Parliament, it had taken over the East Perth power house as a going concern—a concern that had hitherto been operated by the Commissioner of Railways. We found that there was an Act, known as the Electric Light and Power Agreement Act, 1913, under which the Government agreed to supply electricity to the City of Perth and one or two other corporations in the metropolitan area for a term of 50 years, the agreement to expire in 1963, some 15 years hence, having been made and confirmed by Act of Parliament in 1913. That agreement between the Government and the City of Perth meant that the Government undertook to supply all the electricity needed for light and power by the parties to the agreement, at a price not exceeding ¾d. per unit. That price was all very well in 1913, but almost immediately the first World War supervened, and costs rose.

Next came the period after the depression, when costs rose again, and then the second World War, during which costs rose still further. The result was that the maximum price of ¾d. per unit to be received by the Government became farcical and the whole substratum of the agreement collapsed. In fact, the agreement was based on the hope that there would be a continuance of those Edwardian or even Victorian conditions under which we lived so happily before the first World War, when everything seemed so stable. When the first World War broke out, the whole fabric of the agreement col-



lapsed with a resultant colossal loss to the Government continuing since 1913.

Hon. E. H. H. Hall: Has nothing been done about that?

The MINISTER FOR HOUSING: The present Government is doing something.

Hon. J. T. Tonkin: Doing what?

The MINISTER FOR HOUSING: What we are going to do will be a matter to be dealt with in due course, but the Government has not been idle in the matter. As far as I can find out, previous Governments were idle in this regard. I have here the figures showing the loss to the Government and, more recently, to the Electricity Commission. I will not read them out, but if any member wishes to see them, I will show them to him in confidence.

Hon. E. H. H. Hall: I think we should be told.

The MINISTER FOR HOUSING: I do not think I should mention it at the present time.

Mr. Styants: There was a lack of business acumen in 1913 because they did not make provision for an increase in price if there was an increase in costs.

The MINISTER FOR HOUSING: The observations of the hon. member are quite true but in 1913 many people thought the world was safe. They did not think that two world wars would intervene. We cannot prophesy even today what may happen next month, in spite of our wisdom, but we know what the consequences are. The story is one that I am telling and so far I am only a short way through. That was another position which the present Government found had been going on from 1913 to 1947. The position was just drifting with colossal effect and with most serious impact upon the Electricity Commission.

Hon. A. H. Panton: The Government with which I was associated tried to get the Council to discuss it, but they stuck out and that is what they will do with you.

The MINISTER FOR HOUSING: That is no good, and it was no good years ago. Parliament made that agreement and it should come back to Parliament for its decision. That is the position.

The Minister for Education: This is the place where it should be brought up.

Mr. SPEAKER: Order! The Minister is entitled to a hearing.

The MINISTER FOR HOUSING: That is the happy position in which the present Government found itself after following such an enlightened, active, intelligent and capable Government as that which preceded it for 14 years.

Mr. Yates: Hear, hear!

Hon. A. H. Panton: There is the policeman talking.

The MINISTER FOR HOUSING: The Government has been in power for 18 months and it has done its best to grapple with things and with a measure of success. The Government is doing more, it is taking in more things at the Collie fields that I hope will make a big difference to the production of the State and the soundness of the State's economy. The Government dealt with the Collie miners' pension fund and it got the agreement signed with the Company; even the iniquitous agreement of 1946.

Mr. Reynolds: Are you going to bring in a pension fund for the timber workers?

The MINISTER FOR HOUSING: The Government got to work on the tragic position in connection with the supply of electricity to the metropolitan area and examined it with a view to action. Then it had a look at the Black Diamond business and this is the interesting part. Members of the Government said, "Well, here is a proposed State coalmine." We had a look at it from that angle and when the Acting Leader of the Opposition opened his speech he made a reference which he was quite entitled to make. He said—

Most people are aware of the policy of the Labour Government.

And most people are aware of the policy of the parties comprising the present Government, and on which those parties went to the country and were elected as a Government. Those parties have the usual obligation of giving some, shall I say, indication of good faith with the electors in respect of the policy on which they had been voted into power. We as a Government knew a little about State coalmines and I would like set down on record some information about them.

The Minister for Education: A very good idea.

The MINISTER FOR HOUSING: In Great Britain, a country we all admire, the coalmines were nationalised a year or two

ago and the first year the loss exceeded £23,000,000. That loss had to be borne by the taxpayers. I think, too, if we could search the very souls of the British Government we would find that they bitterly regret their action.

Hon. J. T. Tonkin: I wonder why the Liberal Government in Victoria is spending £20,000,000 on the State coalmines in view of those figures?

The MINISTER FOR HOUSING: The position is so completely different that it is hardly worth while trying to make an explanation.

Hon. J. T. Tonkin: I would not try if I were you.

The MINISTER FOR HOUSING: The poor quality of the brown coal on which the Victorian Electricity Commission depends is not of a quality that could be worked by anybody other than the Government and it is the only source, or the main source, that Government has available to it. No private concern could pay its way by mining coal of that quality, and the same applies to South Australia. I was in Adelaide the other day and speaking to a man about the Leigh Creek coal which is being worked by the South Australian Government. He told me that they lose money on every ton of coal mined and he also told me that they are forced to mine it because their supplies from Newcastle are so precarious. Their railways and industries are so liable to be disrupted and their workers faced with unemployment that it is better for them to pay through the nose for the Leigh Creek coal than go without. There is no possible comparison.

Here we have a coalfield within easy distance of Perth which has been operating for years, worked by private operators and supplying Governmental instrumentalities including the State Electricity Commission. So the Government had a look at the consequences of State coalmines.

The Premier: You might give Queensland a mention.

The MINISTER FOR HOUSING: The State coalmines in New Zealand, for the year ended the 31st March, 1947, lost £167,380, not taking into account £75,743 loan interest remitted by the Government. In Queensland the State coalmine at Bowen lost £20,418. The Styx State mine lost £11,395 and the Mount Mulligan State mine,

which must be a small one, lost £731. The loss on the State coalmines of Victoria to the year ended 1947 was £1,752,239. The State coalmines in New South Wales, for the year ended the 30th June, 1947, lost £3,226. The Coalcliff mine, which was run by the Coal Commissioner from 1944 to the 31st March, 1947, lost £108,023. So we had experience of Governments running coalmines. We as a Government were up for one-third of a million pounds on our Colliery miners' pensions fund and we were up for an amount, which I will not mention, for supplying electricity through the Electricity Commission.

There was a complete muddle in the agreement with the Amalgamated Collieries and the Electricity Commission was in difficulties. We were not going to run an unfortunate concern—namely the Electricity Commission—into the losses involved with the running of a State coalmine. I will have some more to say about that again. There was another consideration because in spite of what the Acting Leader of the Opposition suggests, no Government, with the slightest degree of commonsense, acts in a vacuum. It is surrounded by efficient, responsible, high civil servants who are prepared to give and tender advice, even although it may not be asked for; but it is asked for. When the matter of increased coal supplies, especially in the beginning of this year, became obvious from consultations with Mr. Dumas of the State Electricity Commission and from other sources, in spite of the preoccupations of all the other aspects of the coal position and the electricity position of which I have spoken, we found time to give attention to that.

We decided that it would be utterly unjustified for us as a Government elected on our policy to involve this State and the Electricity Commission in a State coalmine; utterly unjustified, when we had the coal being worked and private interests able to supply, within reason, the coal we needed. There is a further aspect. It was impressed upon us by the Electricity Commission that coal should be got at the earliest possible moment. It was said that the only speedy way was by open-cut methods and that the best area for open-cut working was the Black Diamond leases. It was said that if coal were to be speedily available—and it was desired to be available by the end of

this year—the overburden on the Black Diamond leases must be removed before the winter rains set in. That was the position that confronted the Government about March or April of this year. We had had, quite often, headaches over coal but still it was basic and we addressed our attention to that aspect along with the others. So we said, “Well, how does it stand?” and we found this: That if we were to get coal by the end of this year or earlier—it was desired to have it by the end of this year or approximately by that time, as it might be vitally needed—a screening and picking plant would be required.

We called in departmental experts and we said, “Well, putting aside any questions of policy, could the State Electricity Commission manage to deal with this coal and put up a screening and picking plant?” and it advised us it could not be done within 12 months. That would have meant April at the earliest and even that was problematical. That would mean some time towards the beginning of next year. Screening and picking, although not absolutely vital, are of the utmost importance to the railways and the State Electricity Commission and we were advised that the only screening and picking plant was that possessed by the Co-operative mine not far from the Black Diamond area, and that was the equipment which the State Electricity Commission did not possess. Everybody knew that it was just as easy for the Commission to get the services of Mr. Bell and his plant as it would be for the Amalgamated Collieries Ltd., but the vital and important part of plant for coal production for railway and electricity was a screening and picking plant which could not be—on the advice given to us—put up by the Electricity Commission until some time this year; but it was there with the Co-operative mine and available for use.

So the Government said, “This is important and urgent as the Electricity Commission has advised us that coal must be available,” and the Government decided to reinstate the leases of the Black Diamond area for their former term provided the conditions were such as to safeguard the interests of the State and the Government instrumentalities concerned. The Government asked the company to get to work and remove the overburden at once. As the

member for Murchison, when he was Minister for Mines, got the coal from the overburden—

Hon. A. H. Panton: Got the coal from the overburden? I do not think that is right.

The MINISTER FOR HOUSING: Removed the overburden and got the coal, and as time was the factor and winter was coming on, we too said, “Go in and remove the overburden.” They did, and the overburden was taken off before the winter rains. The coal was exposed and it will be ready, when needed, to service the requirements of the instrumentalities of the State. There is no significance in the coal being on fee simple land because the fee simple does not include mineral rights. The right to take the coal belongs to the company by virtue of two mineral leases and one or both of those mineral leases is over the coal which is actually in the freehold owned by the company. The Government is advised by its experts that the depth of the cut at the Black Diamond open-cut is 30 to 32 feet.

Hon. J. B. Sleeman: How much?

The MINISTER FOR HOUSING: Thirty to 32 feet.

Hon. A. R. G. Hawke: Which open-cut are you speaking about?

The MINISTER FOR HOUSING: The one we are operating and removing the soil from.

Hon. A. R. G. Hawke: Which one?

The MINISTER FOR HOUSING: It is, in the main, one operation.

Hon. A. R. G. Hawke: I think you are not very well advised.

The MINISTER FOR HOUSING: I have been there.

Hon. A. R. G. Hawke: Yes, so has the member for Collie.

The MINISTER FOR HOUSING: The advice to the Government is that the open-cut is in the logical starting place, and so far as I know it was authentic and no-one has ever suggested otherwise. In the negotiations that took place and when the correspondence was finalised with reference to the Black Diamond leases, at the time I was there, so far as my recollection goes—and it is pretty clear—no suggestion was made by Mr. Dumas or by Mr. Raynor of the Railway Department that there had

been a mistake regarding the place where the open-cut was started and continued. From my knowledge of Mr. Dumas, I am convinced that if he had thought so he would have made some such reservation in the letter he wrote to the Government indicating his intention to recommend the acceptance of the arrangement on behalf of the Electricity Commission. That is the position. All this talk about the equipment that the Electricity Commission had or did not have, is due to a complete misunderstanding. We never referred to earth-moving equipment at all. Everyone knows that such plant can be hired or obtained.

Mr. May: The Minister for Mines did not refer to it.

The MINISTER FOR HOUSING: When it comes to another material part—the supply of coal—there was the screening and picking plant, which was something that the Commission did not have and could not secure in the time within which the Commission itself felt, and advised, was of material importance regarding the supply of coal. As the result of prompt action and praiseworthy efforts on the part of the company, the coal was exposed before the rains came. They got down to the outcrop.

Mr. May: To the outcrop?

The MINISTER FOR HOUSING: Yes.

Mr. May: There is no coal there.

Mr. Marshall: The outcrop will do!

The MINISTER FOR HOUSING: I am not an expert, but I have seen the outcrop. To all intents and purposes, the overburden, which is the sand, has been taken away and one can see the black outcrop, immediately below which are the coal supplies. They are there, and the coal is available to meet the needs of this State as time goes on. In his very lengthy speech, the Acting Leader of the Opposition covered many matters to which I would like to refer, and I feel I should deal with a few of them at any rate. Our inquiries satisfied us that coal will be obtained for the State Electricity Commission at least as cheaply as, and I believe, more cheaply than the Commission itself could obtain supplies. It would have been little short of farcical to have set up a State coalmine

for quick or long-term production in these circumstances. The Electricity Commission had no plant for that purpose, apart from that which it could hire or withdraw from other operations. It had no staff and no coal experts. It is an electricity commission, whereas at Collie there are companies—particularly is there one such company—that have the necessary staff, buildings, equipment, experience.

Mr. Marshall: They have not the equipment and never have had it. I mean the Amalgamated Collieries in particular.

The MINISTER FOR HOUSING: That company had control of the necessary equipment and today is operating partly with Bell Bros. and partly with its own equipment.

Mr. Marshall: Even then, they had to provide gantries to handle the coal.

The MINISTER FOR HOUSING: Some additions had to be made.

Mr. Marshall: That is what they had to do.

The MINISTER FOR HOUSING: They are the people with the screening and picking plant and are using their own equipment for excavation purposes, in addition to what is being done by Bell Bros. If I know anything of governmental institutions, with all my great respect for them, by the time a special department could be set up to deal with coal for the Electricity Commission at Collie with all its employees and experts, clerks and typists, buildings and everything else that would be necessary, it would not be a good day for the consumers of electricity. No measure is more calculated to save costs for the consumer and for the Electricity Commission than the steps the Government has taken in this particular instance. While the immediate preoccupation was being dealt with in getting to work to remove the overburden before the rains came this winter, the Government gave attention to the agreement that was necessary to safeguard all possible interests; and the leases, it was determined, were not to be returned until an agreement had been made.

As the agreement has not yet been signed, the leases still have not been returned. Of course, the company, having at the invitation of the Government taken off the overburden, would be legally entitled,

quite apart from any agreement, to recover all reasonable costs incurred in doing that work. That is just a matter of general law. So the matter of the agreement was proceeded with and at the same time the Government gave some attention to the position which was operating and the necessity for a new basis for the future supply of coal on broad lines to meet the requirements of the railways and the Electricity Commission. In the meantime, we had to ensure normal production and, as an interim measure, extended the main agreement for one year until the 31st December, 1948. We did not want this coal business to be out of our control as a Government for one month longer than we could manage.

While we had so many things on our mind that had come to us by way of inheritance, we had, more or less, to continue on the old basis until we had more chance of having these matters dealt with. Thus discussions took place from time to time not only with regard to the Black Diamond leases, for inevitably there came into it the question of what was to obtain from the first of next year. When these discussions took place regarding the Black Diamond, as was inevitable, the views of the company and to some extent those of the governmental institutions interested, were coloured by prior experience. Nevertheless, all parties were agreed that the old agreement, which had been in force and had had its genesis with the previous Government, was no good to anyone and that something else would have to be provided.

After discussions, in which Mr. Dumas and Mr. Raynor were brought in for their advice, the Attorney General and, to some extent, myself and other Ministers, including more particularly the Minister for Mines, took part in an exchange of views regarding the basis for working the Black Diamond leases. To the Attorney General, as the legal officer of the Government, naturally fell the main responsibility for negotiating the agreement, in full consultation with the Cabinet and especially with the Minister for Mines. Then, when the matter reached a stage for general consultation, Mr. Dumas and Mr. Raynor were invited to express their views and make their suggestions, which they did, and in

general the position was not very much altered. They suggested that there should be, in respect of the first instalment of coal, a lump sum payment which works out at almost exactly the same figure as the member for Murchison fixed for the Wallsend coal in 1946.

Mr. Marshall: I think I laboured in vain, though I had many a headache.

The MINISTER FOR HOUSING: I am applauding the hon. member who, I think rendered real service to his time and to the State, but it needs a super-man, one with powers even beyond those of the member for Murchison, to satisfy the Electricity Commission.

Mr. Marshall: I can add to that the Amalgamated Collieries.

The MINISTER FOR HOUSING: Well, they are people who have to look after their part. So the matter was fixed up, the rate of profit being almost exactly what had been fixed by the member for Murchison as Minister for Mines in December, 1946. But it was the preoccupation of the Railway Commissioner and the Electricity Commission that the price factor should operate only until the end of this year, so that after the end of this year, Government instrumentalities would be completely unfettered as regards any basis on which coal might thereafter be supplied.

What we retained as some of the continuing terms were these—the Government had the first claim on all coal. We were not obliged to buy it, but we had the right to take all or as much as we wanted for the duration of the leases. The leases were to be reinstated; that is to say, they were to go back for the term the company would have had them if they had not been resumed by the State—in the one case for two or three years and in the other case for 10 or 12 years—after which once again they would revert to the State. The deal was prudent and business-like, and we are now in a position for the first time to put our coal supply for Government instrumentalities on a better basis than it has ever been. The decks are cleared; the agreement was prudent and far-sighted; it has cleaned up a position that was in a mess, and we are now in process of negotiating the basis for future years.

Let this fact be borne in mind. The prior Government dealt—and there was some reason for it—on the basis of a long-term

agreement of three years or so at a price fixed by agreement, but today we can either have an agreement for the future or we can rely upon price-fixing machinery to fix the price of coal from Amalgamated Collieries. In the case of the Griffin mine, the price-fixing machinery has always operated without an agreement, and the situation is that the State's interests in regard to price are capably and completely protected because the price for the future must be satisfactory or it will be determined by authority under State price-fixing legislation.

The member for Gascoyne, when Premier, made a very prudent remark on the file referred to by the Acting Leader of the Opposition. When this matter of opening a State coalmine was first put up to him, he said—

Unless the estimates show a substantial reduction on the present price of coal, there may be little to be gained from acquiring the Black Diamond leases.

Mr. Nimmo: He was right.

The MINISTER FOR HOUSING: That is what the ex-Premier said when the proposition was put up to him and he undoubtedly was right. The idea that a substantial reduction can be effected in the price of coal is an illusion and will never be realised. Had the project gone forward, the words of the ex-Premier would have been prophetic and he could have been the one to say, "I saw into the future when I wrote that minute on the file."

Queensland has one of the greatest coalmines in Australia—the Blair Athol open-cut. I have a copy of the Bill introduced into the Queensland Parliament to ratify the agreement between the Queensland Government and the British company that is going to develop that open-cut. The parties are the State of Queensland and the Electric Supply Corporation (Overseas) Ltd. This company is bringing in something like £18,000,000 of capital to develop the Blair Athol open-cut. By the agreement, the Queensland Government vests the Blair Athol open-cut—those deposits of immense size and value—in this private company, and authorises it to acquire any other leases and deposits may require.

I think I need say no more than that when the Labour Government in Queensland came to that decision, it decided against a State-operated coalmine, and with respect to its

greatest deposit at Blair Athol, a national asset, the most important piece of wealth the Queensland State possesses, that Government called in an oversea company to develop and control the asset, and vested in the company not only that asset but also any other leases it might seek to acquire. What sort of a picture would be presented by this Government—a Liberal-C.D.L. Government—nationalising or setting up a State coalmine, while at the same moment the Queensland Labour Government is setting up a private coalmine? It would be farcical.

Mr. Marshall: You would not suggest that either Government is very sensible?

The MINISTER FOR HOUSING: The hon. member cannot have it both ways. We had an inquiry made into Collie coal. As we had a man of some experience in the State, Mr. Gibson, inquiring into other matters, we thought there would be no harm in getting him to take a look—as Mr. Chifley so often says—at Collie coal. He said some things about Collie coal with which members may not agree.

Hon. A. H. Panton: There has been somebody looking at Collie coal ever since I was a boy, and that is a long time ago.

Mr. May: What did he say about Amalgamated Collieries?

The MINISTER FOR HOUSING: He did not praise Amalgamated Collieries, and that is what I like about him. I do not want a man to go round and paint rosy pictures; I want a man who can go round and put his finger on all the bad spots. At all events, he is honest—I presume he is honest—and he is outspoken and says what he believes.

Hon. A. R. G. Hawke: He says something very interesting on page 16 of his report on coal.

The MINISTER FOR HOUSING: Yes. He says some interesting things and makes certain proposals. He said with respect to the Electricity Commission extending its operations, as it would, that such an uneconomic and ill-regulated development of the field would be unnecessary. So he gave no support to the State opening up one more mine, one more enterprise.

Hon. A. R. G. Hawke: He did, in fact.

The MINISTER FOR HOUSING: Well, I do not agree.

Hon. A. R. G. Hawke: Would you read page 18 of that report?

The Premier: It is too late now.

Hon. A. R. G. Hawke: The Premier says it is too late, but would you mind reading it to the House?

The MINISTER FOR HOUSING: The whole of page 18?

Hon. A. R. G. Hawke: Yes, please.

The MINISTER FOR HOUSING: Somebody else can read it. There will be no comfort for the Acting Leader of the Opposition in anything Mr. Gibson says there.

Hon. A. R. G. Hawke: We will have it read later in the night.

Hon. J. B. Sleeman: That makes the Premier laugh.

The MINISTER FOR HOUSING: I think I might indulge myself for a moment further by dealing with one or two other references which have been made tonight. The agreement, the Acting Leader of the Opposition said, will expire on the 31st December, 1948. Of course, that is wrong. The only part that will expire is the price part, to enable the Government, the Railway Department and the Electricity Commission either to make an agreement as to a price that will suit them, or else to invoke the price-fixing machinery through the State Prices Branch. The rest of the agreement operates for the full duration of the leases. As I have said, the agreement in any case is one of no great length, because one lease expires in two to four years and I think the other expires in ten to twelve. So, as the hon. member said, there is nothing that the company can be happy about. The company wants a long-term agreement as to price, and it is getting an agreement which expires in 2½ months. But the company is not unreasonable.

Hon. A. H. Panton: Then it has changed a lot.

The MINISTER FOR HOUSING: It recognises the attitude which the Government and the governmental instrumentalities believe it is their duty to take up. I do not think any of the Opposition members have read the agreement under which their own Government operated. They do not know what is in it. They talk about paying for bores being put down and for overburden. They say the Government, or the Railway

Department, or the Electricity Commission pays for it or is paying for it in the price of coal. Who else would pay for it, when the profit is fixed at 1s. 2d. per ton for some coal, a small amount, and there is a fixed sum of £18,000 for all other coal the Government takes? In the agreement which has been operating and which is based on the agreement drafted in the time of the prior Government, we find, on page 13, that "Net cost of production which is paid for in the price of coal" means expenditure, other than capital expenditure, incurred by the contractor, that is, the company, in boring, development, production, preparation and delivery of coal, maintenance and depreciation of plant, buildings and fixtures and so on.

Hon. A. H. Panton: Are you reading the Davidson Award?

The MINISTER FOR HOUSING: I am reading from the agreement which is based on the Davidson Award and which was the basis of operation and payment during the time the member for Leederville was a member of the previous Government.

Hon. A. H. Panton: You can go further and say during the eight years he was Minister for Mines. You talk about headaches. You have had them for about 18 months; I had them for years.

The MINISTER FOR HOUSING: In that agreement are contained all those matters that seem to have struck the Acting Leader of the Opposition with a certain degree of concern. There is the provision for the 20 per cent. straight-line depreciation, for example. They were all there in the hon. member's time. I am not going to talk about depreciation now, but when one has an agreement of this kind, in the main it does not matter much whether there is a depreciation of 20 per cent. straight line in five years or a depreciation for 10 years. Any accountant will work it out for members. I am not going to start now.

The Griffin Coal Mine—Let me have a word about that! The Government, in the course of its various other interests in the coal and electricity business, had a look at the Griffin case, and found that this royalty which the Griffin Company was paying because it was mining a seam which was part of Amalgamated Collieries mineral assets, was 3d. a ton. That is a comparatively small amount; and if we take the total coal on which that royalty is paid, we find that the

royalty amounts to a trifling sum per year. We examined the matter and found that it had no immediate impact on the Griffin Company to its prejudice, because it was recovered by the Griffin in a subsidy granted by the Commonwealth Government to aid coal production and in order to get the matter moving, we decided to leave the Griffin position out of the agreement involving the Black Diamond. It was different mine and that matter can be taken up afterwards.

As regards the royalty of 3d., the Price Fixing Branch, if need be, is in a position to take complete control of that aspect. So if the company is receiving a royalty which should be brought into account, as the case may be, the Price Fixing Branch is in complete control of the operations, and is in a position to determine what attitude should be adopted and carried out by the company.

There is one interesting feature regarding the Griffin to which I might refer for a moment. That royalty has been in existence for some years, so far as I know; but I have yet to learn that the previous Government took any steps to end it. I have yet to learn that that Government raised the issue at all. In that, I may be uninformed but, so far as I know, it was this Government which thought that was an aspect which should be examined.

The Acting Leader of the Opposition has referred to two grounds for his motion. One is that there will be an extra charge on the Electricity Commission or its consumers. He has not produced one fraction of evidence to support that contention, and the evidence cannot be produced. I have seen figures that have been referred to in these files, regarding the costs of the company, which are quite wrong; and I have seen figures regarding the possible costs of production in the case of the Electricity Commission which I think are completely unjustified. Coal at present is, and for some time past has been, produced by the company from the Wallsend open-cut at approximately 15s. per ton on rails. That figure covers all costs, including profit. It is easy in any open-cut—the Black Diamond or any other—to get costs down if a place is picked where there is a small overburden, and if the easy coal is taken out. When the Electricity Commission was estimating what it might do with the Black Diamond, its idea was that the coal recoverable from the open-cut was 80,000 to 100,000 tons; whereas the

State Mining Engineer held the view that there was two or three times as much.

Mr. May: The Government Geologist?

The MINISTER FOR HOUSING: Yes, The company, which has put down 29 bores of its own and informed itself about the condition of the coal beneath the surface, believes there are 1,000,000 tons of coal to be recovered. But, of course, all that coal will not bear the same cost. It is not all the same distance below the surface. But I say, and believe, that the cost through the company's operations—which in any case would have been borne from the price of coal, whether the work was done by the Government or the company, for under the agreement which had been made previously those costs have to be incurred—I say confidently that the cost to the Commission and to the consuming public is going to be less than it would have been if this project had been carried out by the Commission. All this talk about double cost or double plus, and so on has no foundation at all. The company hires Bell Bros. to a certain extent and so would the Commission.

Mr. Marshall: What was meant by Judge Davidson when he referred to the cost-plus system?

The MINISTER FOR HOUSING: The cost-plus-system, as it was understood in war operations and as it is currently used, does not apply in this case. Cost-plus can be used in different directions but it is not the expression to apply to a fixed remuneration irrespective of costs.

Mr. Marshall: So you differ from Judge Davidson?

The MINISTER FOR HOUSING: I do not. I am sure we would be in complete agreement on the meaning we attach to these things. So as regards costs, the fullest protection will be given to the people of this State under the present arrangement. Regarding the opportunity of the Electricity Commission to safeguard its supplies of coal, I am at a loss to understand what is meant by that. From the files, it appears that the Commission did not expect to get coal from the open-cut at the Black Diamond lease until 1950—almost two years from now. Yet it wanted coal straightaway.

In any event, from what it thought about the prospects of the Black Diamond, it was not expecting to get anything more than



80,000 to 100,000 tons at the rate of 50,000 tons a year from a field which at present is producing something approaching 800,000 tons a year. It is a bagatelle. For a long-range project the Commission says it had in view the opening of a deep mine, but, when coal would have been produced, as far as I can see from a glance at the files, I did not even hazard a guess. But the present Government has been active in a far more effective way to provide coal to safeguard the Electricity Commission, the railways and the State's economy than this potty, open-cut-by-1950 project of the Commission would ever have afforded. Leases have been made available to two companies, one of which, with fair luck, should be in production within 12 months. It hopes to supply coal for the Goldfields, and any surplus to be available for general use by the Government. Another company, interested in Collie leases, is being established, and it will, in due course, make a further contribution to the supplies of the State. In addition, there are the Black Diamond open-cut leases which, from now on, will be a potential source of additional supplies.

I may say for the company which, by the way, is a favourite of the late Government, as I propose to show in a moment, that whatever may have been the position in the past, it is now showing an activity which is highly commendable. It has secured a former manager of the South Aberdare mine of New South Wales which produces, I think, 2,000 tons a day, to be assistant manager of the company's operations in this State. He has gone to the United States to study the latest mechanised principles of coalmining in that country. His investigations there are to occupy him for three months, and at the end of that time he is to return to this State when his function will be to put into operation a mechanised scheme on a large plan. The company believes—and I do, too—that will, to a large extent, step up the coal production of the State.

Mr. Marshall: To what company are you referring now?

The MINISTER FOR HOUSING: Amalgamated Collieries.

Mr. Marshall: Where will it get the money from?

Mr. May: The Government will supply it.

The MINISTER FOR HOUSING: The Government has, as members know from what was read out by the Acting Leader of the Opposition, received proposals to support the company in further mechanisation.

Mr. Marshall: You are going to nationalise the industry for a private company.

The MINISTER FOR HOUSING: Does a bank nationalise an industry when it advances £100?

Hon. A. R. G. Hawke: It enslaves you!

The MINISTER FOR HOUSING: It does not matter much whether you are a slave of a State or a bank. Personally I would prefer to be a slave of a bank.

Mr. Marshall: I will get a lease there myself if that is what you are going to do.

The MINISTER FOR HOUSING: Do not let us live in the past. The company is taking steps which, I am convinced, will mean a vast increase in production. It has got one of the best men in Australia, and when he returns from the U.S.A. he will be one of the best equipped in Australia, and easily the best in Western Australia, and I am sure his impact on the industry will be of immense value to the State and all concerned.

I have already said that the Government has set in train for the first time the deep boring of this field, and the consequences of that are not predictable. It may lead to incentives for private capital that we do not dream of at present. When I look back on the 18 months of this Government's occupation of the Treasury bench and I think of all the difficulties we inherited, the miserable situation under which coal was being supplied with no agreement at all, the wretched, iniquitous subsidiary agreement which the member for Murchison made in December, 1946, before he even got the main agreement signed, and the deteriorating, miserable and colossal losses of the State Electricity Commission because of an agreement made 35 years ago and allowed to continue, I am amazed at what has been accomplished.

The members of the Electricity Commission are desperate men. They do not know which way to turn because they have to keep down costs. But they turned the wrong way in this particular case. We were in

the position I have described with the Coal Miners' Pensions Fund that the report of 1945 was left untouched until we came on the scene. No deep boring was ever attempted. When I look back on this situation then and recall the work of the Government, I feel that it deserves the highest credit. I never heard of a motion of this kind so completely based on a misapprehension of facts and lack of knowledge.

Mr. Graham: You are not saying much for your own files.

The MINISTER FOR HOUSING: The files are all right, but it depends on how much one knows about the industry. I am not the Minister for Mines, but I know something, although not a great deal, of the industry. I know sufficient to be aware that what has been said here tonight is not founded on facts or a true appreciation of the position.

Mr. Graham: The Electricity Commission would not know anything about it either!

The MINISTER FOR HOUSING: The members of that Commission do not know a great deal. I have a great respect for them, but I would like to know whether the member for East Perth would allow every public servant, no matter how excellent he was in every way, simply to dictate to the Government in regard to what he wanted. If he would, I am mistaken in him.

Mr. Graham: Definitely not.

The MINISTER FOR HOUSING: Let me, just to amuse myself, relate something that really did make me laugh.

Hon. A. H. Panton: That takes some doing.

The MINISTER FOR HOUSING: This is the most laughable motion of no confidence that I ever saw.

Hon. A. H. Panton: There are more red herrings coming across here tonight than there are trout in the Collie River.

The MINISTER FOR HOUSING: Amalgamated Collieries Ltd. is a very bad company, deserves no consideration, does not properly manage leases, shows no enterprise, and is very difficult so far as the member for Murchison is concerned—it will not eat out of his hand.

Mr. May: It will not eat out of yours either.

The MINISTER FOR HOUSING: Allow me to say that it is in a less strong position today than it has been in the last 15 years.

Mr. Marshall: No, it was stronger when I was there, and a lot stronger too. We have competing companies coming in now, but there were none in those days.

The MINISTER FOR HOUSING: I do not like talking in terms of having companies where we want them, because there is only one rule—fair play to the company and the individual, as well as to the State. I have no intention, because this is a Government, of putting the squeeze on this company, or anyone else, any more than I intend to allow it to put the squeeze on the Government. I made inquiries as to how the company had fared during the 14 years of Labour Government from 1933 to 1947. It holds some 23,000 acres under lease, and I thought I had better look into that. Were the company as bad as it has been said to be, the Labour Government during its 14 years of office should have put the company in its place. The company should have been shedding leases right and left; but to my amazement I found that from 1933 until the present Government came into office the previous Government had approved of the granting to Amalgamated Collieries Ltd. of 47 leases aggregating, in round figures, something in the vicinity of 15,000 acres.

Mr. May: Were they new leases, or old ones renewed?

The MINISTER FOR HOUSING: They were new leases, and had nothing to do with those that went on for 42 years. I am wondering what one has to reply to, in the face of a situation such as that.

Mr. Graham: Yet you wish to take from the Electricity Commission its only two leases.

The MINISTER FOR HOUSING: I decided to look at the Collie Burn group which, I believe, are rather valuable leases where the calorific value of the coal is fairly high by Collie standards.

Mr. Styants: It is pretty light.

The MINISTER FOR HOUSING: No, I am told that it is fairly good and that the State Electricity Commission was after those leases.

Mr. Styants: It is a light type of coal.

The MINISTER FOR HOUSING: No.

Mr. Styants: Then it must be different from the old Collie Burn.

The MINISTER FOR HOUSING: These are supposed to be valuable leases and the last people who should receive protection regarding them are Amalgamated Collieries Ltd., who already possess 20,000 acres under lease from the Government. Yet I find that on the 31st December, 1938, the company re-applied for eight Collie Burn leases. On the 6th November, 1940, it applied for seven more Collie Burn leases and, on the 3rd November, 1941, for yet another. Did the then Government refuse those applications? No. It did not grant the leases for the time being but, in the language of the Mines Department, it pended them. It left the applications, and the Warden's recommendations to stand, and pended them right up to the time when the present Government came into office—in the case of some of the leases a period of about nine years.

At all events eight of those leases were pended for nine years, during which time the then Government could not make up its mind whether it should grant them or not. What kind of administration is that, where people apply for a mineral lease and it is pended for nine years? During all that time the company—by virtue of the date of its pending applications—was enjoying protection and possibly warding off other competitors. It was a valuable privilege to have the leases pended rather than refused. I do not say there was no justification for that course being followed, but I do say that such action was not consistent with the allegation that the company was not a useful member of the producing society in the Collie field.

Mr. Marshall: Then why were not the leases renewed?

The MINISTER FOR HOUSING: I am glad the hon. member has raised that point. The strange thing is that when the present Government came into office it looked at those leases—some of which had been pending for nine years—and refused all the applications. Members can reach their own conclusions, but there is nothing that has been done by this Government with regard to coal or electricity, and nothing it has done with reference to the Black Diamond leases, that cannot stand the light of day

or that will not be endorsed by any impartial person who wishes to examine the facts. I am sure the Government's action are endorsed by the feeling of this House.

It is only because the Government gave so much time and consideration to the matter that the exact terms upon which these leases should be restored were made the subject of negotiation, consideration, exchange of views and, in some detail, variation of terms, all designed to protect and safeguard the interests of the State. It is all that there was the one over-riding consideration that, apart from certain benefits that were reserved to the State from the Black Diamond leases, and the fact that the State has the first right to all coal from those leases, we should do nothing that would commit the Government, the State, the Electricity Commission or the Railway Department to any set price beyond the 31st December next. We will then be in a position to deal with the future untrammelled by all sorts of miscellaneous and differing agreements arising from the time of the member for Murchison, which are the subject of dispute and which in a few weeks' time may be the subject of law suits, because in that period, when there was no precise agreement upon the terms, everything had to stand over.

Calculations had to be stood over and now, when the various departments are trying to go back over two or three years, they are met with almost insuperable difficulties in reconciling accounts between themselves and the company. This is a most ill-conceived motion, which I am sure the member for Northam would never have touched if his side of the House had not, without knowing all the facts fully, previously committed itself. The actions of the Government, the prudence that it has observed and the interest it has shown in the Electricity Commission speak for themselves, and the public interest has completely safeguarded the situation. The Premier reminded me of one thing which I suppose I should mention.

Mr. Hegney: You do not believe in State enterprise.

The MINISTER FOR HOUSING: Rightly or wrongly the Black Diamond leases, with possibly a million tons of coal, had been vested in the company by the then Government. It does not matter of what particular complexion the Government is, it has

to stand by its official acts. The leases were the property of that company. When the Government decided to open a State coal-mine it did not say, "This company has committed breaches of manning regulations and because of that we will forfeit the leases." I am not saying that the company had done anything to warrant the forfeiture of the leases, but the Government said, "We will resume the leases and pay compensation," and what that compensation was I do not intend to indicate. The Electricity Commission formed a very airy opinion of its liability because it thought that there was only about 80,000 or 100,000 tons of coal in the leases. The company, after putting down 29 bores of its own—quite apart from the bores put down by the Electricity Commission, which of course under the agreement would have been paid for in the price of coal—formed the opinion that there was a million tons of coal available.

Mr. Marshall: If they thought that they would get compensation they would have estimated two million or three million tons.

The MINISTER FOR HOUSING: The hon. member cannot brush those things aside as lightly as that.

Mr. Marshall: Wait until I get on my feet.

The MINISTER FOR HOUSING: There may be one million tons of coal available and if so, the compensation will be at least 12 times the figure estimated by the Commission, but the compensation is not based merely upon the improvements to the leases. It includes the loss of the net earnings, which the holder of the leases would have obtained during that time if he had operated the leases himself. This is an arrangement not to hand back to the company leases that had belonged to the State or the Electricity Commission, but to hand back to the company leases which had belonged to that company and had been their property. We would have been required to pay the value of the leases just as much as if the member for Murchison went into a motor dealer, if he had a permit, and purchased a motorcar, if he could pay the price.

Mr. Marshall: When I am able to pay it.

The MINISTER FOR HOUSING: We must bear in mind all the time that it is not a matter of giving away something which the State owned. The arrangement pro-

vided, on the resumption of the leases, payment for something which the company owned.

Mr. Marshall: The State has always owned the leases. They were merely leased to the company to do certain things, which they did not do.

The MINISTER FOR HOUSING: The leases can be just as valuable as leasehold, which the hon. member knows, otherwise the people would not have applied to him for leases as they did when he was Minister. So I leave the matter to the House with complete confidence to vindicate a laborious and most difficult period of Government—laborious to an extent which should not have been imposed on the present Government—and laborious I regret to say, because so many things have been allowed by the prior Government to drift.

MR. MARSHALL (Murchison) [10.55]: Had the Minister remained on his feet for another five minutes I should certainly have burst into tears because of the deplorable position in which this Government found itself when it took office and the chaos that it experienced. I venture to say that right through its career it has not altered, to any extent, the policy of any department as set down by the previous Government.

Hon. A. R. G. Hawke: They are still operating Wundowie!

Mr. MARSHALL: They are carrying on—

Mr. May: Hanging on.

Mr. MARSHALL: —and trying to hang on until the next election.

The Minister for Housing: I thought the trouble was we were not carrying on.

Mr. MARSHALL: Although the Minister spoke about the chaotic and deplorable inheritance of his Government, he omitted to mention that the Government which preceded the present Government, took office when the manhood of Australia was in the Army. That Government had neither servants nor material with which to do anything and immediately this Government took office every man was discharged from the Army; every key man was back ready to produce materials and ready to render a service. What then must have been the experience of the previous Government? Every able-bodied man and woman was in the service

of this country and it was expected that we would leave them there. Could we leave this Government sitting on satin seats under those conditions, the poor unfortunate individuals that they are, having inherited so much trouble? After criticising the agreement for which I was responsible, the Minister admitted that he had signed it for a further two-year period, or the remainder of the two-year period. Of course he signed it.

The Minister for Housing: I had to.

Mr. MARSHALL: The Minister could not improve on it because he was in the same position as I was when the company held the pistol at my head.

Hon. A. R. G. Hawke: Exactly. That is the point.

Mr. MARSHALL: The Minister could not get away from it.

The Minister for Housing: We have got away from it.

Mr. MARSHALL: Let me tell the Minister about the position I found when I took office as Minister for Mines. We were undermanned by 50 per cent. and the coal production then was about 300,000 to 350,000 tons per year, yet the Minister is now boasting about 800,000 tons. What a difference when you can get the men into the industry and get the materials; when you can get key men and experts. But was the previous Government able to get them? No, of course it could not. There is no credit given for the deplorable situation in which the previous Government found itself. We, as a Government, were in office for 18 months only and during the whole of that period every able-bodied man and woman in this State was in the Army. We took office 12 or 14 days after hostilities with Japan ceased.

Although that Government did its best to get its experts out of the Army in order to make provision for the post-war period, the Army would not permit their discharge. That was the deplorable position in which we existed for 18 months. Now I ask the Minister who has occupied the position for the same period as I did, what improvement has he made when he produces such a mess as he produced here? What improvement is there in this particular proposed agreement, may I ask? What has the Minister done and how much midnight oil has he burned in making any improvements? Although the Minister was on his feet for

approximately two hours, he touched upon the vital factors of this motion for about ten minutes.

Mr. Graham: That is the point.

Mr. MARSHALL: About ten minutes.

Mr. Graham: He skirted all around it.

Mr. MARSHALL: He had all the proverbial red herrings scattered all over the place.

Mr. Graham: Except on the Black Diamond leases.

Mr. MARSHALL: Everything but the Black Diamond leases and the people he returned them to, the Amalgamated Collieries. If the Minister had been a boxer, he would have shadow-spurred all around his partner for hours without hitting him.

Mr. Grayden: He would have paralysed you.

Hon. A. H. Panton: I thought you would wake Bill up.

Mr. MARSHALL: The issue at stake is not the agreements made in the past, either signed or unsigned. I was in a most invidious position, for everybody considered that immediately the war ceased the new world order was at our door. That was the position. I found on the one hand the company doing its best—and I do not blame it for so doing—to get better terms and conditions, and on the other hand the buyers doing their best to get the coal as cheaply as possible to run their industries, and then we had the State Electricity Commission also battling to get the best possible terms it could arrange. I suppose the Minister will tell the House that when there are three or four departments wrangling over supplies of coal, it takes a lot of thought to decide the point at issue. The Government has not finalised this point after being 18 months in office.

The Minister for Housing: It is finalised now.

Mr. MARSHALL: The Minister ought to be a little more sympathetic and not take unto himself and his colleagues all the sympathy extended to them. Picture the position I was in when I took office, with transport, railways and mines and the new world order to be given to all on both sides of industry, the employer and the employee. By the time we vacated office, those departments were well on the way to reorganisation and each and every one of my depart-

ments had files which set down that policy, and I have not heard of any Minister drifting from them. In fact, the Minister said in his office that the policy would be strictly adhered to, but whether he has done so or not I do not know.

The Minister can talk of previous Governments being in office 14 years. We need not go over all that again, because it was an anti-Labour Government that set the wheels rolling in 1930 and we never regained our position. We know our position, and the Minister knows it but, for political expediency, the Government constantly denies it. The old argument has nothing to do with any other agreement but this one, and the principle as to which are the leases that should have been returned or not. I cannot be as generous to the Government as my Leader has been over this matter, for there are certain features about the returning of these leases, certain factors which have transpired under different Ministers, and the negotiations with certain individuals that lead me to be at least a little suspicious about all of them.

Mr. Hoar: For conspiracy if for nothing else.

Mr. MARSHALL: I am not madly infatuated with the nationalisation of the coal-mining industry, but I do believe there are certain factors in the economy of a nation that are dangerous in allowing private enterprise to have complete control over them. If the Minister or his Government will be consistent and give full effect to its policy of no State ownership, then I suggest to them that they let Amalgamated Collieries Ltd. take over the railway system to see whether farmers will get super. hauled at the same prices as they do now. That is another thing that might happen to give effect to the Government's policy. There are certain factors in the make-up and economy of a country which are dangerous in the extreme when private enterprise is permitted to have complete monopoly over them.

If the Government felt that its policy of free enterprise—and I do not take them to task on account of it—should be the order of the day, why did it immediately hand back these leases to Amalgamated Collieries, a company which has been castigated by every expert adviser that has examined the Colliie coalmines? Yet there is a company working at Colliie which, I venture to sug-

gest, when it opens up a mine will develop it in a scientific and economic way; something foreign to the methods adopted by Amalgamated Collieries Ltd. So if the Government wanted to obtain coal quickly and open up the Colliie coal basin in a scientific and up-to-date way, why give leases to a company that has never given any indication of its capacity to do so in preference to a company that is operating on up-to-date lines? If my policy had coincided with that of the Government—and I had to make a change from the previous Government's attitude—I would have looked around for a company or an organisation which had indicated to me that it had some capacity to in the way of efficiency and ability to do these things. That would have left me not at all suspicious about the returning of these leases.

But the Minister for Mines gives three different alternatives for doing this. He first claims that the Amalgamated Collieries have the equipment. They have no equipment of any consequence, and the unit they have working now on the Black Diamond leases would be better occupied producing coal in the Stockton open-cut but, for some reason, the company has rushed it over to give the impression that the Amalgamated Collieries had some extra machinery which they could use on the Black Diamond leases. They have not that machinery and we are short of it.

Hon. A. H. Panton called attention to the state of the House.

The Minister for Lands: That is a reflection on the member for Murchison.

Hon. A. H. Panton: It is a reflection on the Government. We sit here and listen to Government members but, when our man gets up, you walk out. You have not the decency to listen to the member for Murchison.

Bells rung and a quorum formed.

Mr MARSHALL: There was an opportunity for the Government to give effect to its policy without causing any suspicion regarding its action. According to the Minister, Amalgamated Collieries Ltd. has all the equipment necessary. That is a positive untruth. It has not the necessary equipment; if it had, it would not be employing Bell Bros. When the Minister for Mines checked up, he found that that argument was too weak and so he advanced

the claim that the Government would be liable to pay compensation, even mentioning the sum of £100,000. For what would that compensation be paid? Here is a company with only these two leases concerned, because its freehold property does not give it the right to mine the mineral resources. On the other hand, the company is operating illegally, and that course is condoned by the Government. No company has a right to carry out mining operations without lawful sanction, and there has been no application by the company for that purpose. In the circumstances, there would be no compensation payable apart, possibly, from about £1 an acre for its surface wealth.

With regard to the two leases, Nos. 256 and 303, what has the company done to warrant compensation being paid? It has held one lease for 35 years and has never put a pick into the ground. The other it has held for 23 years and has done nothing with it. Those leases could have been forfeited years ago but for the generosity of the previous Government. Because we dealt generously and justly with the company, we have been taken to task by the Minister for Housing. Why the State Electricity Commission ever bothered about claiming them, I do not know. When I was Minister, had I been asked to forfeit the leases, I would have done so, because they were not manned. I agree with the Under Secretary for Mines that whatever compensation might have been paid would have been a very small amount. The leases were held out of production, and I notice from the files that the Solicitor General drew the Attorney General's attention to that fact.

If these leases are returned to Amalgamated Collieries, I hope the original tenure will remain. That will mean that one of the leases will expire in seven years. What compensation would be paid in respect of that lease, seeing that nothing has been done with it for 35 years? Obviously the company would not be entitled to any compensation, so that claim goes by the board. Next there is the matter of Government policy. The Minister for Housing said he knew nothing about coalmining and that applies to me, although I do know something about mining laws and other forms of mining. Possibly coalmining is not so very different.

Mr. May: A lot blacker!

Mr. MARSHALL: On the other hand, I draw the attention of the House to the views of some who know something about coal-mining and have studied its problems. We have had two Royal Commissions whose reports on mining operations at Colliie have been secured. I know that Mr. Donne came here during my term of office and submitted a report. Here is what a later Royal Commissioner, Mr. Gibson, had to say when commenting upon Mr. Wallwork's report—

The coal mining industry should not be allowed to drift along without or out of control as it did in the years 1943-1945.

With this I agree.

Production and marketing of coal should be subject to the direct supervision of a statutory board or commission.

I agree in principle, and will deal with the matter later.

All unworked coal mines or coal deposits should remain vested or be revested in the State for the benefit of industry as a whole.

With this I agree.

When the increasing demand for coal makes it necessary, coal bearing areas now unworked should be worked by State instrumentalities for their own use or for the use of industry or by industries or groups of industries for their own use.

That indicates quite clearly what these men, who know something about the coal industry and production, thought of the position—something different from the policy the present Government seemingly adhere to. There are three aspects with which I am concerned. A factor that is of importance is that the Government has acted in defiance of the laws of the land. When it prevented the State Electricity Commission from carrying on, it did something contrary to the law—because the Minister had power to do it. It was done contrary to the opinion and advice of experts, as I have indicated. However, the Government is establishing a fair reputation for itself with its policy.

One of the first things it did on assuming office was to do its best to defeat the 40-hour week proposal. Its next effort was to hand over some of the State's assets to a farmers' organisation; and now we have the experience of the State Electricity Commission and the State's assets being handed over to a private company. So the Government is doing famously. I do not object so much to the handing back of these leases to Amalgamated Collieries as I do to the conditions under which they have been handed back, and I take strong exception

to the fact that Ministers, in their negotiations, continually failed to stand up to their job, showing to my satisfaction, that Amalgamated Collieries Ltd. has very strong influence with them. Of that there can be no doubt. According to file 4034/48, fol. 7, one of the conditions in the final agreement between the Government and Amalgamated Collieries, reads—

The Black Diamond leases and freehold land resumed by the Government for the State Electricity Commission be handed back to the company, the company to abandon its claim to compensation, the company to prepare immediately to develop the open-cut with the latest equipment.

So the company graciously undertook to forego compensation after the State Electricity Commission had spent £2,660 in boring and after having reaped the advantage of that work which indicated exactly where coal seams of value were likely to be struck.

To show how easily the Government was induced to give way, although the Solicitor General reminded the Attorney General of that expenditure and suggested that it might be referred to in any agreement, the Government deliberately set that advice aside because the matter was not mentioned again. Why did the Attorney General omit to ask Mr. Downing to make good that expenditure? How came it that Mr. Downing was able to use such influence with the Attorney General? The Attorney General did not even refer that item to the Government for consideration; according to this file, he did not make reference to it. This goes to show how lenient the Government has been with a big company to whom it is favourably disposed. Let me quote paragraph 7 as follows:—

If Government able to arrange with Griffin Company for Government to have advantage of 3d. per ton royalty now payable to Amalgamated Collieries in the event of Amalgamated Collieries waiving royalty that company would agree to waive same. The company would then permit Griffin Company to mine without royalty down to 500 ft. on Griffin leases subject to Amalgamated Collieries being able to continue Co-operative and Proprietary seams into the Griffin leases.

Imagine terms of that sort being included in an agreement! The Griffin company is mining coal on seams that extend into the Co-operative mine and rightly belong to Amalgamated Collieries, and is paying 3d. per ton royalty on the coal raised for the right to do so, as the Acting Leader of the

Opposition explained. The Government proposed that the leases being mined by the Griffin company should be surrendered by Amalgamated Collieries to the Griffin company, but Mr. Downing said, "No; what we will do is to allow the Griffin company to mine down to 500 feet on our seams, royalty free, provided we are permitted to continue working the Co-operative and Proprietary seams into the Griffin lease." I understand that the Proprietary seams do enter the leases held by the Griffin company at an estimated depth of 1,000 feet, the estimate being that of Amalgamated Collieries. I venture to say that the depth will be proved to be much less.

That is how much faith I have in Amalgamated Collieries. For the sake of argument, let us suppose that the depth is 1,000 feet, what sort of a suggestion is this for the Government to swallow? Down to 500 feet Amalgamated Collieries would allow the Griffin company to mine free of royalty, but subject to the Amalgamated company being able to continue working the Co-operative and Proprietary seams into the Griffin lease. The Government has no power or authority to permit the company to do that. The leasehold tenure of the Griffin company entitles it to say who shall mine on its property, but the Government fell for that. I hope that the Griffin company will stick to its guns, continue to pay the royalty and then, when the Proprietary seams enter its area, will be able to undertake mining by vertical shaft as economically as the Amalgamated can do its mining. I quote these things to show how easy it is for an individual to get the better of representatives of the Government.

Hon. J. B. Sleeman: What about the Mines Department, which has its experts?

Mr. MARSHALL: They know nothing about these leases. The action of the Government is tantamount to condoning a breach of the law on the part of Amalgamated Collieries.

Hon. J. B. Sleeman: I am not surprised at that.

Mr. MARSHALL: That company has no right to be mining on freehold tenure without having obtained permission.

Mr. Yates: How long has the company been mining illegally?

Mr. MARSHALL: In the one case for 35 years and in the other case about 23



years. However, those areas have now been converted into fee simple, under the Public Works Act, I believe. When the Electricity Commission took them over, they were converted into fee simple and it started to mine illegally because it had not permission.

Hon. A. R. G. Hawke: The member for Canning asked how long Amalgamated Collieries had been mining illegally.

Mr. MARSHALL: During the whole of the time the company has been mining on fee simple land without having applied for a permit. I made inquiries about the larger area held in fee simple by this company and found that it was granted after the year 1899. Therefore, any person holding that land in fee simple had no right to mine for minerals because the Crown has reserved to itself all right to mineral wealth in any land. Section 159 of the Mining Act provides—

Subject to the provisions of this Act and the regulations—

(1) Gold, silver, and other precious metals on or below the surface of all land in Western Australia, whether alienated or not alienated from the Crown, and if alienated whensoever alienated, are the property of the Crown.

(2) All other minerals on or below the surface of any land in Western Australia which was not alienated in fee simple from the Crown before the first day of January, One thousand eight hundred and ninety-nine, are the property of the Crown.

These tenements were issued after 1899, and therefore the company has no right to mine them unless it takes the proper legal steps to obtain permission to do so. The company is mining the leases today and the present Government is condoning it. That leads me to the belief that there is some reason behind it all. Obviously this is mere camouflage to make the situation look genuine. The Minister for Housing, when speaking about the cost-plus system, said that the profits of the company were fixed. He made the statement that the more coal the company produced, the less it got in return. Nothing could be more stupid.

Hon. A. R. G. Hawke: Nothing.

Mr. MARSHALL: Nothing could be further from the actual position.

Hon. J. B. Sleeman: The Minister is laughing.

Mr. MARSHALL: So would anyone else. These are further instances which lead

me to protest bitterly against the return of these leases to the company. When the Minister for Housing makes statements in this House, let him be careful to see that they are correct and truthful. He led the House to believe that the Government was paying only for the removal of the overburden, leaving the deposit ready to be stripped at a later date. Nothing of the kind! Another term of the agreement is—

The cost of all work in removing the overburden, opening up the leases—

What that means may be debatable; but in my humble judgment, a lease can be opened up in two or three ways. Driving a tunnel may be opening up a lease; putting down a vertical shaft also might be opening up a lease. The terms of the agreement continue—

—provide access roads, winning coal—

Will the Minister contend that that is not actually producing coal? Of course, it is. The term continues—

—hauling and handling coal and any other expenditure pursuant to this agreement to the date hereof to be recouped to the company forthwith.

My contention is that the cost-plus system means the cost of producing the coal, irrespective of the amount involved, plus a good margin of profit. That is the point and I do not think there is much doubt about it. The cost-plus system was introduced during the war when wages and prices were pegged and because of certain anomalies that then existed. The object was that industry should not be impeded. I sincerely hope that the Government, notwithstanding the terrific obligation it has undertaken and the chaos it experienced will try to get away from the cost-plus system.

Mr. May: What is double cost-plus?

Mr. MARSHALL: That would be two lots. For instance, the company gets a firm to work on the cost-plus system for it; in turn, the company works on a cost-plus basis for the Government. Therefore, a double cost-plus system is actually in existence.

Hon. A. R. G. Hawke: There is no doubt about that.

Mr. MARSHALL: The Minister is well aware that no company worries much about expenditure where the cost-plus system prevails. When I took office, I perused the file

and found that it took about two years to get the Proprietary mine to run through what is known as the stone drive, in order that it might mine its coal more economically and speedily. The company was not concerned about the cost. Consequently, it is no use the Minister putting up the arguments he did. There is another term of the agreement which I wish to quote before I finish. It is as follows:—

All equipment being used on the open-cut, and vehicles for conveyance of coal or overburden, to be depreciated at a 20 per cent. straight line, new equipment for handling and conveying coal to gunties at 10 per cent. straight line depreciation and such depreciation properly apportioned to be a charge from the date of purchase to the 31st December, 1948.

To me, that means that one or two mechanical units which the company has been using at Collie for a number of years can be removed to the Black Diamond leases. The company could then be allowed to charge depreciation of 20 per cent. straight line and that would mean that it might recoup itself the cost of the units at their present value in a couple of years. The machines cannot be worth much now. We find that the Government is going to pay the whole of the cost forthwith and that it will provide the company with finance. The Minister for Education was a little shrewder than some of the other Ministers and he did protect the interests of the taxpayer to some extent; but the Government is to pay for the new machinery. It is to finance the company, and the interest on all purchases will be paid by the Government. If the company pays anything out of its subscribers' capital, the Government will pay interest on such amounts. The Government will still undertake to pay 1s. 2d. per ton for all coal produced, so it will virtually be paying compound interest. That is the kind of agreement which the Minister for Housing tries to defend. Then he castigates me for making an agreement which he himself has subscribed to twice.

The Government has made a blunder and is sacrificing the best interests of the State, without any doubt, in this matter. It is doing so because outside influences have forced it into this invidious position. That is my opinion. I am positive that what the State Electricity Commission says is the truth. The Minister for Housing should inform the Minister for Mines that he will

be in drastic trouble in a couple of years, as the company is mining all the easily accessible coal and no preparation to any great extent is being made to mine underground. What will be the position when all the easily accessible coal has been mined? When I was Minister I was watchful of that and made my officers keep a very close eye on it; because I saw that in the course of a year or two all the easily accessible coal would be won, and that in two years' time we would be in the deplorable position of facing a shortage of hundreds of thousands of tons each year. The Commission was quite right in wanting to preserve as much of the easily accessible coal as it could until 1950, ready to supply its own requirements. If that had been done, it would have been a much wiser move than has been made now. I am not satisfied at all. If the Minister wished to hand over the leases, and wanted a really good economical and efficient mechanisation scheme, he could have given the leases to the Wyvern Company, which is the only one that has shown any initiative in that regard. But no!

For some reason or other these leases had to go back to Amalgamated Collieries; and it is not very hard for anyone who gives a little consideration to the matter to understand why. There were plenty of other open-cut sites and many other companies to invite to work them. The Government had plenty of opportunities to have coal produced without the necessity of handing these leases back to Amalgamated Collieries. It could have left them with the Electricity Commission and given Amalgamated Collieries instructions to go elsewhere. One of the dreadful hindrances a Minister for Mines has to face is that the assets of the country can be ruined because he has no power to tell mining companies recovering coal, or tin, or other metals, "That is a State asset and you must mine it in a way to preserve it to the last degree." The Minister for Mines has not that power, so the company roots the very eyes out of the mines, taking the easily accessible coal out as quickly as it can; and then closes down, to the detriment of the State. The sooner the Minister amends the Act in such a way as to give power to instruct the companies to mine so as to preserve the State's assets, the better it will be.

The Minister for Education: Have a look at the notice paper!

Mr. MARSHALL: I do not know about that. I see there is a proposal to amend the Mining Act. I will be able to discuss that when I have had a look at the proposal. I agree with the Leader of the Opposition that in returning these leases to the Amalgamated Collieries the Government sacrificed the best interests of this State; and if the Government signs that agreement it will do something detrimental to the welfare of the taxpayers. The Acting Leader of the Opposition had every right and justification for moving the motion and every member who has the interests of the State at heart will support it.

MR. MAY (Collie) [11.44]: Much has been said tonight about this matter, and so much revolves around the question of the supply of coal that I feel that, although the hour is late, some information should be given to the House as to why we are in the position in which we find ourselves today with regard to the shortage of this commodity. The company that has come into prominence during the debate has been operating in Collie for over a quarter of a century. It has been operating in a big way, with very little opposition. I venture to say that in view of the amount of coal that has been won over the years, and the amount of money that has been paid for it, the developmental position at the mine should be somewhat different from what it is. Over the last quarter of a century the company has dominated the source of supply of coal and the town of Collie. It can easily be said that it has wielded the big stick in every way. Apart from its interest in coalmining activities, it has never been concerned about the town of Collie, as it should have been, bearing in mind the amount of money that it must have taken from the industry. It is no wonder that some criticism has been levelled against the company. So far as I am able to ascertain, there has been no control over it whatsoever.

Mr. Marshall: It has controlled this Government.

Mr. MAY: I am talking about the lack of control of the company, which has been able to do exactly what it thought fit. Whether it should develop or not develop

has been a matter for the company itself. As a result of the non-developmental policy adopted by the company we find ourselves faced with a shortage of coal today. Its policy has always been to secure quick profits and to obtain coal as cheaply as possible without having any regard to the future of the industry. If it had been otherwise, we would be in a much better position than we are today. Why is there so much need for open-cut coal? It is simply because the deep mines of Collie have not been developed as they should have been over the years during which the company has been operating. That company has had very little opposition. Quite recently, however, it appeared likely to be faced with competition from what is known as the Goldfields Coal Company. But immediately that company took up a prospecting lease in a particular area of the coal basin at Collie, Amalgamated Collieries applied for a lease within which was the railway siding at which the goldfields company intended to place its coal after it had been mined. We can come to only one conclusion as to why that was done. Amalgamated Collieries did not want any opposition and was prepared to go to any extent to prevent it.

The Minister for Education: Have they got the lease?

Mr. MAY: Who?

The Minister for Education: Amalgamated Collieries.

Mr. MAY: No; but it was only because pressure was brought to bear on the Minister by certain people in Collie that the lease was not granted.

The Minister for Education: You mean the position was explained to them.

Mr. MAY: To the Minister for Mines.

The Minister for Education: And they did not get the lease.

Mr. MAY: I agree that the lease was not granted, and rightly so.

The Minister for Education: Exactly!

Hon. A. H. Panton: There are two people in agreement anyway!

Mr. MAY: The point I was making was that this particular company did try to stop the Goldfields company from operating, inasmuch as it endeavoured to cut it off from where it would have loaded its coal into rail-

way trucks, namely, Shott's siding. Another company is anxious to take up mining leases, as the Minister for Housing has explained, at Collie Burn. As soon as that became known, Amalgamated Collieries applied for no less than 16 leases of 320 acres each, amounting in all to 5,525 acres. There is no reason why Amalgamated Collieries should want those leases, because it holds almost 24,000 acres now. One can only assume the applications were made for an ulterior purpose. I shall be sorry and surprised if those 16 leases are granted, in face of the opposition that is likely to arise.

The Minister for Education: There are other reasons, too, which you may hear about later.

Mr. MAY: The Minister for Education is probably able to give more information than I am. As an outsider, I can only form an opinion on what I see. If the Minister has inside information, I shall be glad to hear it as I am always glad to get information about this business.

The Minister for Education: I thought you were jumping to conclusions, which is not your usual policy.

Mr. MAY: It is not my usual policy, and neither is it the usual practice of the Minister to give away too much information. The policy of Amalgamated Collieries has, over the years, reduced us to the state in which we are today in regard to coal supplies. I express the opinion that no open-cut proposition will solve the problem. If, while these open-cut propositions were being worked, the development of the deep mines was taking place as it should be, then I would say, "Let us work the open-cuts in order to catch up with the development of the mines." In no instance—and I challenge anyone to contradict me—has the development of any of the deep mines been continued. Certainly the Minister told us tonight, at this late hour, that the company is now taking steps to mechanise the mines, more or less, and bring them into a better state of development. It will take time to do that. There is no reason why that should not have been done in the years gone by.

The Minister for Education: Is there any excuse for the same action as we are taking now not having previously been taken?

Mr. MAY: I am not responsible for what took place before I came into this Parlia-

ment. I was then an employee. Perhaps I, as an employee, could tell the Minister a lot more about the coalmining industry, but I do not intend to do so at this stage. I am simply trying to treat this case tonight on what has been put forward on the motion, and the reasons leading up to the return of the Black Diamond leases, and why it was ever necessary for the Government to worry about them. As a matter of fact, there are several open-cut sites at Collie, and several such leases are already in the possession of the company concerned, and it could have commenced work on some much nearer to a railway than are the Black Diamond leases. There was really no need for the present Government to worry about these leases at all.

Mr. Marshall: Of course not. It wanted to know how to return them; that is all.

Mr. MAY: For some reason, action was taken by the Government to return these leases. The previous Government realised that something would have to be done to step up the output of coal, and it took the necessary precaution, under the State Electricity Act, of giving the Electricity Commission the necessary authority to mine and produce coal for itself. Had that been done, and the coalmining companies carried on with their development work and production, the output of coal would certainly have been increased. If the State Electricity Commission had been allowed to work the Black Diamond leases, more coal would have been made available in other directions for which at present there is no supply at all. It is to the credit of the previous Government that it saw fit to take this action, but it is most remarkable that immediately it vacated office there was a rapid movement made in regard to these leases. It was quite evident to one who knew the position at Collie that the leases were not required at that time, and they are not required now as far as open-cut mining is concerned, because there were other open-cut sites available in possession of the company, and much nearer to the railway than are these leases.

Another feature is that the State Electricity Commission was, from the information contained on the file, apparently taking action to have the coal produced. What has been said tonight by the Acting Leader of the Opposition is quite correct, that Bell Bros. were prepared to tender for the supply

of coal to the Commission. But all that was immediately stopped for some reason by the present Government. It was not necessary to do that—as a matter of fact, it has merely aggravated the position of coal supplies—because the Commission could have been allowed to carry on, as well as the companies, and we would have had a greater output of coal than we have today. How completely successful Amalgamated Collieries were in regard to obtaining the return of these leases has been told tonight. Their return, as the Acting Leader of the Opposition said, has certainly taken away the life-blood of the Commission. It is in the position now, as far as I can understand, that, owing to the unsigned agreement under which coal is to be produced at the Black Diamond open-cut, it has no chance of ascertaining what it is eventually going to pay for that coal, because the whole of the production costs are to be borne by the Government, in addition to 1s. 2d. a ton being allowed the company as profit.

There will be no control over the expenditure that will be incurred. As far as I can ascertain the sky is to be the limit. The company is in a position where it need have no regard to the cost of mining the coal because, whatever the cost, it has to be refunded by the Government. At this stage it is impossible to know what the cost of mining that coal will be.

The Minister for Education: Even if that were correct, the agreement is to last only till the end of the year.

Mr. MAY: Is there any reason why it should last at all?

The Minister for Education: You suggested that it is going on into the future, and I am putting you right.

Mr. MAY: Till the end of December takes it into the future, and there may be the same trouble in reaching an agreement after the 1st of January.

The Minister for Education: Then we will put the price-fixing officer on to it, as we have that power now.

Mr. MAY: Why was he not put on to it before?

The Minister for Education: Because he was then a Commonwealth officer.

Mr. MAY: Will it be easier now? He is still the same officer.

The Minister for Education: It must be done, either by agreement or by that means.

Mr. MAY: In the interests of the State, of the Railways and of the Electricity Commission I hope the Minister is right.

The Minister for Education: I know what the agreement says, and you are not clear on it.

Mr. MAY: I am clear on it to this extent, that up till the end of this year neither the Minister nor anyone else can say what the coal will cost. What it will cost after the 31st of December rests with the Government, I take it. I hope the Government will be successful in its efforts then to obtain coal at a reasonable price.

I come now to deal with the Black Diamond leases. I do not think, on present indications, that any coal will be produced from those leases before the end of the year. It is intended to cart that coal, when it is produced, a distance of five or six miles in order that it may be screened and treated at the Co-operative Mine, in conjunction with the output of that mine. To that end the Main Roads Department is building a road in to the Co-operative Mine. The cost of that road, for a distance of one mile, would quite easily have paid for a portable screening plant that could have been erected at Allanson siding, within half a mile of the open-cut, thus avoiding the cartage of all of that open-cut coal five or six miles for screening. The present arrangement does not encourage anyone to give the benefit of the doubt to the claim that the coal is to be mined as cheaply as possible.

Allanson siding was previously used by a timbermill and there is no other traffic through it now. It could accommodate all the coal produced from the Black Diamond leases, and that would avoid the Black Diamond coal interfering with the screening and production at the Co-operative Mine. That feature has not been mentioned during the debate but it will be a big factor in the cost of the coal. I hope the Minister will give consideration to such aspects because it is factors such as these that raise the cost of coal today. At the beginning of April last it was stated in the Press that Bell Bros., who were doing the work of opening up the Black Diamond open-cut, anticipated that they would be on coal within six weeks. They had somewhere about 30ft. of overburden to begin with. When they reached

what appeared to be the top of the coal seam, at a depth of 20 feet, they discovered they had opened up the seam in the wrong place. I believe the estimate of £10,000 as the cost of that work is perfectly correct. Bell Bros. will not pay it and the company will not. There is only one other party concerned.

Mr. Graham: The public will have to pay it.

Mr. MAY: When the cut was first opened up they landed on top of the coal outcrop, so they had to transfer their operations further afield. By the time they are ready to produce coal at the new site they will have had to remove 90 feet of overburden to get at 10 feet of coal, and in coalmining by that method an economic proposition is a ratio of one in three. Here the ratio is one in nine.

The Minister for Housing: One in six is an economic proposition, I am informed.

Mr. MAY: My information is one in three, but I will agree to one in six.

The Minister for Housing: One in six; 30ft. of overburden and five feet of coal.

Mr. Marshall: One in six is the maximum.

The Minister for Housing: They can go to one in 10.

Hon. J. T. Tonkin: Not for economical working.

Mr. MAY: By the time they are in a position to work this coal they will have had 90 ft. of overburden to contend with.

Mr. Marshall: It will be an uneconomical position from the start.

Mr. May: It will be unpayable.

The Minister for Education: The files have been here during the time I got the information.

Mr. MAY: I have visited the open-cut and kept in touch with the work for the very purpose of seeing how it was proceeding and because I am particularly interested in the necessity for increasing the output of coal in this State. We are losing a considerable number of opportunities for the reason that we are not able to supply the coal required. Big business people arriving in the State with the object of commencing operations here ask, as a first question, "How is the supply of coal and electricity?" This State is suffering as a result of our being in the unhappy position of having to say that we cannot

supply new industries with coal at the present time.

Some 18 months ago when I went to Kalgoorlie, the first question I asked the mines representatives was, "Do you want Collie coal?" They told me that they did want the coal and asked us if we could supply it. Mr. Johnson, who is the general manager of Amalgamated Collieries, said, "No, we cannot supply it." Some action should be taken whereby we can supply coal and we are never going to produce it in sufficient quantities by the open-cut method of mining. We must get down to the basic fact that in order to meet the demands of the State there is no suitable method other than deep mining.

The Minister for Housing: I quite agree with you.

Mr. MAY: I am prepared at all times to assist, as the Minister knows, in regard to the production of coal. I realise that this State and its progress depend on it, and if we are going to fritter away opportunities of expanding our progress in secondary industries and in every direction, for the sake of the method which coal companies are prepared to use in regard to the production of coal, then we are deserving of the criticism that should come from the public.

With reference to the opening up of the Black Diamond leases, evidently when they found that they had opened the cut on the wrong site, it appears from the file that the company asked for the log of bores from the State Electricity Commission. When it was decided that Amalgamated Collieries were to have the leases returned to them, and that they were to be permitted to mine by the open-cut method, the first thing the company should have done was to obtain information as to the result of the bores put down. It appears that it was another instance of unbusinesslike conduct. The establishment of the open-cut in the wrong place could have been avoided by co-operation with the State Electricity Commission. Afterwards the company had to get in touch with the Commission and apply for the log of bores to find out whether they were open-cutting in the right place.

It is estimated that by 1950 we are going to be 300,000 tons of coal per year short. I say to this Government, as I would say to any Government whilst I am representing

the Collie electorate, that something must be done to meet the situation, and it must be done quickly. The Minister for Railways must also do something if he is to be in a position to shift the coal. When we are able to supply the Goldfields with their annual requirement of 100,000 tons, that coal must still be transported. I hope the Minister is anticipating the requirements of the Goldfields so that when the time arrives he will be in a position to say that if the coal is there he has the means of transport to shift it. I know the terrible position the Minister is in at the present time and I am suggesting, as I have already done, that some anticipation should be made in regard to the Goldfields order. It is expected that Collie will be able to supply the order by the end of this year, or at least the coal will be ready for transport by the end of the year, and if that is true I hope the Minister will be able to do his part of the job.

Much has been said in the debate tonight about the socialisation of the industry. I do not think it is necessary to socialise the industry in order to get the coal required; evidently South Australia and Victoria are of the opinion that for the State to take control of production of coal is not socialisation of the industry. If it is good enough for Victoria and South Australia to control the production of their own coal, surely no harm would have been done by allowing the State Electricity Commission of Western Australia to mine, produce and use its own coal. It would have been a decided benefit to the coal position, while relieving the situation to some extent, and made the State Electricity Commission of this State independent so far as its coal requirements were concerned. The Minister, when replying to the Acting Leader of the Opposition, asked the Premier to find a certain portion of Mr. Gibson's report but I am afraid both of them have forgotten all about it.

Hon. A. R. G. Hawke: They realised that it was very much against the case they were trying to bolster up.

Mr. MAY: No, I think they were quite honest.

The Minister for Housing: What page was it on?

Mr. MAY: It does not matter, I will save the Minister the trouble because I intend to quote from the report. On page 18, in case

members want to look it up, Mr. Gibson, the Royal Commissioner said—

Nothing more is needed than this brief outline to establish that the coal industry on the Collie coalfield is not only inefficient but is afflicted with a form of creeping paralysis.

In the face of that, this Government has taken the responsibility of handing back the Black Diamond leases to a company which Mr. Gibson says is inefficient and afflicted with some form of creeping paralysis. If ever the Minister for Housing was an optimist, I think he needs to be one now. Not only is that borne out by Mr. Gibson but both Mr. Wallwork and Mr. Gibson say this—

All unworked coalmines or coal deposits should remain vested or be re-vested in the State.

The Minister for Housing: That would mean not "creeping paralysis" but complete paralysis.

Mr. MAY: Continuing—

When the increasing demand for coal makes it necessary, coal-bearing areas now unworked should be worked by State instrumentalities for their own use.

Hon. A. R. G. Hawke: The Minister for Housing did not quote that.

Mr. MAY: I would not dare to suggest that either Mr. Wallwork or Mr. Gibson is in favour of the socialisation of industry, but both say that the coal-bearing areas should be worked by State instrumentalities for their own use. The State Electricity Commission is certainly a State instrumentality. The quotation continues—

The coal-mining companies have failed, in spite of the resources at their disposal, to meet the fuel requirements of industry in quantity, quality or grade, and still continue to do so.

Mr. Gibson's report is of recent date and for the life of me I cannot see why there is any necessity to hand the leases back to the Amalgamated Collieries. At some future date the Government may take the action which it has taken of recent months, but at the present time there was no necessity for the Black Diamond leases to have been disturbed even though the Government decided that the State Electricity Commission was not to work or open up coalmines. There was not the need for the leases to have been handed back to the Amalgamated Collieries Ltd. because that particular company has one or two different sites of open-cut value, and as I said earlier, much nearer to the railway

facilities than the Black Diamond leases. As far as I can see, there was no need to be in such a hurry to hand those leases back to the company. The Government could still have prevented the State Electricity Commission from not functioning so far as mining its own coal was concerned.

It does seem that immediately the previous Government went out of office there was much undue haste on the part of Amalgamated Collieries Ltd. to bring pressure to bear upon the Government to get these leases back. And had not the Government included a clause that the leases would be returned to Amalgamated Collieries Ltd. provided they were worked forthwith, I am quite sure they would not have been worked. I fully endorse what the Acting Leader of the Opposition has said tonight about these leases. Apart from the information contained on the file the Government may have had its own reasons for returning the leases; but on all the evidence contained in the file that we were able to go through there is nothing to convince me that those leases and the coal contained in them should have been handed back to the company which held them for 20 and 30 odd years previously and never did a tap on them. I support wholeheartedly the motion of the Acting Leader of the Opposition.

**MR. READ** (Victoria Park) [12.25]: My viewpoint is that the Government was mistaken in passing over the Black Diamond coal leases to the Amalgamated Collieries Ltd. I have listened with interest to the speeches by the Acting Leader of the Opposition and the Minister for Housing which were most instructive and covered a lot of ground. Regarding the speech by the Minister for Housing, I think the subject-matter was surrounded by a great deal of verbiage and a wordy smoke screen because after all is said and done the matter under discussion was that great big lump of dirt known as the Black Diamond coal leases. They were the property of the State Electricity Commission and it was a valuable property because of its great potentialities. The Minister for Housing seemed to have two reasons why they were disposed of to the company. The first was that there was no agreement or that the agreement in existence had expired. I cannot realise that that had any bearing whatever—

**Mr. Marshall:** It had nothing to do with it.

**Mr. READ:**—as to why they should have been transferred. The second reason was that the leases were producing a quick supply of much needed coal. The Minister said that the only available means of getting coal was by open-cut methods from the Black Diamond leases. To my mind that was a reason why they should not have been handed over because production of coal is the first step in the necessary services of power and light to producers in the southern parts of our State and also to the people in the towns. The greatest essential for primary producers to run their industries with success is the cheapness with which power is supplied. The coal supply according to every speaker, is not sufficient for our needs in Western Australia. The position is not peculiar to this State or to Australia. Indeed the world is affected and has been for the last 400 or 500 years.

In the older countries such as England, with the advance of machinery and the population increase, more and more coal is required; it is the source of power to drive the machinery. At no stage anywhere has there been sufficient coal to provide for the activities of a country and for the provision of full employment. The great advantage to the State Electricity Commission in having control of a coal deposit is that it would have provided an insurance against rises in prices. Without that potential supply, the Commission is at the mercy of the private coalowners. Even if the deposits had not been immediately developed, that source of supply would have been capable of being utilised in the event of excessive prices being charged by private companies. A case in point to illustrate what I mean with regard to publicly-owned utilities being placed in the advantageous position I suggest, is the Perth City Council's quarries which turned out large quantities of granite and diorite, employing between 20 and 30 men and making available the necessary road materials for many years.

**Mr. Hegney:** At one stage 100 men were employed there.

**Mr. READ:** Then an outside firm quoted a price that meant the saving of many hundreds of pounds if the council pur-



chased supplies from it and closed down the municipal quarries. That course was adopted, but in order that the agreed price should remain constant, the council had the foresight to retain its quarries, which have a value of about £57,000 and are now costing about £500 a year for upkeep. Many offers were received from outside firms to lease or purchase the quarries, but they were not accepted. Had we done away with them, the council would today be paying much more for its road-making material. The price paid now is 15s. a ton, which is 4s. less than anyone else in the metropolitan area is paying. I know that the Government in giving away its coal assets, which belong to the people, has done the wrong thing.

**THE PREMIER** (Hon. D. R. McLarty—Murray-Wellington) [12.34]: This motion was not unexpected and it is strange that when I was in the Premier's Office on Wednesday, I happened to say to the Under Secretary, who came in to discuss budgetary matters with me, "I was expecting there would be a no-confidence motion with regard to the return of the Black Diamond leases."

Mr. Fox: Your conscience was pricking you!

The PREMIER: Curiously enough, just then the telephone rang and it was the Acting Leader of the Opposition who informed me that he intended to move the motion.

Mr. May: He did the decent thing.

The PREMIER: Yes. Even though the motion was not unexpected, I do not think it is justified.

Hon. A. A. M. Coverley: You have a guilty conscience.

The PREMIER: That is not so. Having heard the debate, I have come to the same conclusion—there is no justification for it at all.

Hon. A. R. G. Hawke: That is profound!

The PREMIER: The Government does not mind any inquiry or the most searching investigations into its activities in connection with the return of these leases. When he spoke, the Acting Leader of the Opposition—I appreciated his remarks—said he did not doubt the honesty of members

of the Government in this regard, particularly stressing the fact with regard to any monetary gain. Then a suggestion was made by some other members who spoke that other influences were brought to bear in order that the Government might return the leases.

Mr. Hegney: Pretty right, too.

The PREMIER: Let me inform the member for Pilbara with all the emphasis I can, that that is not right. As already stated by the Minister for Housing, when the present Government took office the major problem facing it, and the most urgent, was the supply of coal. I had hardly taken my seat in the Premier's Office when the Minister for Railways and the Minister for Electricity came to me, day after day, saying that if we did not do something about coal supplies we would be in a most horrible mess. The Minister for Railways was doubtful about being able to keep the trains running. The Minister for Electricity told me we had very little reserve of coal at all with regard to power supplies.

It was evident that we were in what I might describe as a most unenviable and indeed critical position. I naturally became most interested in the coal question, and I regarded it as a matter that had to be taken in hand immediately. I set about making inquiries as to what we could do to overcome the difficulty. It was not a question of influence but of taking some action, and taking it as quickly as possible. I do not hesitate for one moment to accept my full responsibility regarding the return of these leases. In fact, I became so impatient at the slow progress that was being made, that I told Cabinet something would have to be done quickly. I say, too, that the position was so urgent that in order to get something done, I would have been prepared to take a risk to provide the very necessary coal supplies.

Mr. Styants: How many thousand tons have you got from the company to relieve the emergency?

Hon. A. A. M. Coverley: Not a ton.

Hon. A. R. G. Hawke: No, not one.

The PREMIER: That is so, but we would not have had it under other conditions. I say to the member for Kimberley and to the member for Murchison that the reason these leases were returned to Amalgamated

Collieries Ltd., was that we considered that company was in a better position than any other organisation or than was the Electricity Commission, to furnish us with coal supplies quickly. I think that was but a commonsense attitude.

Hon. A. A. M. Coverley: Facts do not prove that.

The PREMIER: The statement has been made that the company has not the equipment. Apart from the Griffin company, Amalgamated Collieries Ltd. has all the coal-mining equipment there is in the State. We know that screening and picking plants are necessary and that they are not available in the State, and from inquiries I made months ago, I know that such equipment is exceedingly difficult to get. Even had we allowed the Electricity Commission to work these leases, it could not have obtained the requisite equipment for a considerable time to come.

Mr. May: In what way?

The PREMIER: Where would the Commission have obtained screening and picking plants? The equipment is not available. I made fairly extensive inquiries and was unable to ascertain where it could be obtained. Thus we were faced with the responsibility of making an immediate decision, and we resolved that the Black Diamond leases should be returned to the company. Another matter which must carry some weight is that in mining, as in every other avenue, experience is an important factor. The company has the experience and I do not know of anyone on the Electricity Commission who has had similar experience.

Hon. J. T. Tonkin: Why did not the company apply its experience to some of the other leases instead of to the Black Diamond leases?

The PREMIER: Because it considered that the Black Diamond leases afforded the best spot to carry on open-cut mining.

Hon. A. R. G. Hawke: Of course it would.

The PREMIER: Surely the company should have some idea where open-cut mining could be carried on!

Hon. A. R. G. Hawke: The company wanted the leases back at any price.

The PREMIER: Mr. Dumas, in giving evidence before the Royal Commission on Coal on the 7th November, 1947, according

to page 1277 of the evidence, said it would take two years to get the open-cut on the Black Diamond leases opened up and worked, and he estimated a production of 50,000 tons of coal per year. Let us examine that statement. Fifty thousand tons of coal per year and the quantity of coal required by the Electricity Commission is 250,000 tons per year! The fact that only 50,000 tons were involved shows that it is not a very serious matter, and it is certainly one that did not call for a motion such as this.

Further, there is always uncertainty as to the life of an open-cut. It depends, I understand, on the amount of overburden that has to be shifted, and at what stage it would become an uneconomic proposition to work. The member for Collie directed attention to what Mr. Gibson stated on page 18 and we were accused of not having read it. All the Ministers were interested in that report, and I believe that all of them read it. What Mr. Gibson had to say was of great interest to us. But even the member for Collie did not continue to read Mr. Gibson's remarks where he repeated his advice against the opening up of a coalmine by the Electricity Commission.

The profits that the company will make as a result of its activities on the Black Diamond leases will be approximately the same as it is making in its trading with Government instrumentalities at present, and similar trading was carried on by the previous Government over many years. I think it is regarded as a legitimate part of business that a company should be permitted to make a reasonable profit, and we can see that the company makes only a reasonable profit. Already steps are being taken to ensure that this will be so.

The member for Victoria Park said the Electricity Commission would be at the mercy of the company. That is not so. The company will not have the right to charge the Electricity Commission whatever it may think fit. The Government will have a say in what shall be charged for the coal and, in addition, the Government will have a say as to the efficiency of the working of the open-cut.

Hon. J. T. Tonkin: The Government has not yet said anything about that.

The PREMIER: The hon. member has carried great responsibility in the past, and

surely he does not think that the Government will fail to watch that angle! To do so is part of our business.

Hon. J. T. Tonkin: I have not yet seen any evidence of it.

The PREMIER: The hon. member may accept my assurance that that aspect will be closely watched. Our objective is efficiency in order to decrease mining costs generally in the State. The Acting Leader of the Opposition referred to the Deputy Premier's concern when making an agreement with Amalgamated Collieries. That concern was shared by every member of the Cabinet. We did not consider this matter lightly; we gave it exhaustive consideration, and our concern all through was to ensure that Government instrumentalities should be fully protected. The Acting Leader of the Opposition claimed that the Electricity Commission would have to pay more for its coal because of the action of the Government in returning these leases to the company, but he gave no proof to substantiate his statement.

I am convinced that the Electricity Commission will not pay more for its coal as a result of our action. My experience over a lengthy period has convinced me that Government instrumentalities do not make for economy, and I feel certain that we shall obtain coal at a cheaper rate from the company than that at which it could have been produced by the Electricity Commission. The Commission would have been faced with outlay for overheads; it would have had to purchase new machinery; it would have had to gain experience in mining. It would have been faced with many problems, and I do not hesitate to prophesy that the Commission will not suffer and that the consumers of power will not have to pay more as a result of our action.

Mr. May: We will see!

The PREMIER: I am afraid of what the future will bring forth in this respect; but members should bear in mind that we have taken every precaution to see that the Government is protected, and when I say the Government, I mean the people as well. We have first call on all coal produced from the Black Diamond leases. Government instrumentalities, including the Commissioner of Railways and the Electricity Commission, will be consulted from time to time. We are not likely to enter into any agreement without consulting them. The Electricity Commission should not think, nor should

members, that the Commission will be ignored in this regard. I think the action of the outgoing Government in gazetting the resumption of these leases on the day before the general election was an extraordinary one. I consider such a step might well have been deferred until the election had been decided. Members know the policy of the present Government. In fact, the last election was largely fought on the question of nationalisation.

Mr. Rodoreda: Now we are getting down to the real cause.

The PREMIER: Yes. I do not hesitate to say so. That was one of the burning questions at the election, and the people gave a clear indication that they did not favour nationalisation.

Mr. Styants: They were not very clear.

The PREMIER: Yes. That fact has been clearly indicated since.

Hon. A. R. G. Hawke: How do you make that out?

The PREMIER: This party was returned to power. Other elections have been held since and if the Acting Leader of the Opposition wants other instances I will give them to him.

Mr. Rodoreda: There was an election in Tasmania.

The PREMIER: Let us stick to Western Australia.

Mr. Hegney: You won 25 out of 50 seats.

The PREMIER: Some months ago the Leader of the Opposition and his Deputy were making quite a lot of fuss about the return of these leases. I was in the North at the time. They went to Collie. About every other day there was something in "The West Australian" about the return of the leases, and the Leader of the Opposition was most active in the matter. So active were the Leader and his Deputy that it was suggested to me that some of our candidates for the Legislative Council might suffer as a result of the propaganda.

Several members interjected.

Mr. SPEAKER: Order!

The PREMIER: Anyhow, I know that in the South-West Province the member for Collie featured it, and so did the candidate.

Mr. May: Are you sure I featured it?

The PREMIER: Yes.

Mr. May: Are you quite sure?

The PREMIER: The hon. member supported the candidate who featured it.

Mr. May: That is different.

The PREMIER: The question was voiced at every meeting held in the South-West, where there is usually a close contest when a Labour candidate is in the field. This time, however, despite the Black Diamond leases controversy, the two Liberal candidates got ahead of the Labour candidate in the count, something that has never happened before.

Mr. May: The Black Diamond leases had nothing to do with it.

The PREMIER: Well, they were featured. I might have something more to say about those elections. Candidates supporting the Government won nine of the 10 seats, which is something that has not occurred previously in the case of Council elections. I have no doubt whatever where public opinion stands in regard to this matter. I repeat, I do not think the Government has lost the confidence of the majority of this House, and I am certain it has not lost the confidence of the majority of the people.

Government Members: Hear, hear!

Hon. A. R. G. Hawke: The Premier has lost the confidence of some of his own supporters.

The PREMIER: Very few. There is always a little pinpricking within the party. We get over that.

Hon. A. H. Panton: You have not been reading the paper lately.

The PREMIER: A great deal has been said on this matter tonight. One or two points had to be taken into consideration, and that was done by the Government. Members will appreciate that the time factor in regard to production of coal was most important. We believe our action in returning these leases to the company will give us coal quicker than any other method we can think of.

Mr. Graham: Why these particular leases?

The PREMIER: Because, as I have already said, the company considered it could work the open-cut more effectively on them than elsewhere. That was the advice given to me.

Mr. May: It was bad advice.

Hon. A. R. G. Hawke: But good advice from the company's point of view.

The PREMIER: I have already referred to comparative costs and will not cover that ground again. I do think the compensation factor has to be taken into consideration. While the Acting Leader of the Opposition made little of this point and it has been suggested that the company made a great deal of it, the fact remains that it is quite likely the Government would have been faced with a very heavy claim for compensation.

Mr. Graham: Approximately, what sum would you guess or estimate?

The PREMIER: I am not going to guess.

Mr. Graham: Would you say £1,000 or £50,000?

The PREMIER: I have heard it suggested that it would be £100,000, but I do not know.

Hon. A. R. G. Hawke: Why not make it £1,000,000?

The PREMIER: I do not think I need say any more.

Hon. A. H. Panton: Hear, hear! You have a brutal majority.

The PREMIER: We have heard a great deal about the action taken by the Government. So far as I am concerned, I do not in any way feel perturbed by what has been said. I feel we have done the correct thing and time will prove that our action is right.

**HON. A. R. G. HAWKE** (Northam—in reply) [12.57]: I compliment the Premier on at least having stuck to the motion before the House. His speech was 100 per cent. appropriate to it. The speech of the Minister for Housing was five per cent. appropriate to the motion and 95 per cent. inappropriate. We have heard similar speeches by the Minister for Housing on other occasions. When he was evading the real issue tonight, hour after hour, and parading before members subjects which had no relationship to the motion, a member on this side of the Chamber suggested facetiously that, had the Minister for Housing studied law, he would probably have made a fair lawyer! I was especially intrigued, too, with the enthusiastic style he developed in boosting the Government. He impressed me as being the best spruiker I have heard in any part of Australia. I have heard some

good spruikers outside of tents where fat ladies were being exhibited and other such like exhibitions were being held; but I frankly admit I have never heard any of the spruikers display the capacity for "spruikerism" which the Minister for Housing displayed this evening when boosting the Government for its work during the past 18 months.

The Minister for Housing: It is nice to have an alternative vocation.

Hon. A. R. G. HAWKE: The Minister for Housing made a great song about the fact that the previous Government did not sign any agreement with Amalgamated Collieries during the last 18 months; it was in office. He paraded this before members as being an absolute sin of omission on the part of the previous Government. He led members to believe that the previous Government neglected to sign the agreement because members of that Government were lazy, indifferent, and lacking in capacity and initiative. The plain, straight, effective answer to that point is that the previous Government deliberately refused to sign the agreement because the members of the previous Government were waiting for the time to arrive when they would be in a stronger position to bargain with Amalgamated Collieries in regard to future supplies of coal for the Railway Department and other Government instrumentalities.

The Minister for Housing would do well to realise that Amalgamated Collieries Ltd. has stood in the position of being a virtual monopoly company in this State for the supply of coal, and by virtue of its monopoly it has always been in an extremely strong position in regard to the making of any agreement. The fact that our Government did not sign that agreement did not impose any injury upon the State. It did not cause the State to obtain less coal. It did not create a condition of affairs in which any Government instrumentality was called upon to pay a penny more per ton for coal than would have been the position had the agreement been signed.

The Minister for Housing: That is not so.

The Minister for Railways: It held up a lot of work on the railways.

The Minister for Housing: We lost all along the line.

Hon. A. R. G. HAWKE: The previous Government was, with the State Electricity Commission, during most of that 18 months, developing a policy which would have brought a new producer of coal into the field in this State. That new producer of coal would have been a Government instrumentality. I submit that with a Government instrumentality in the field in this State as a producer of coal, our Government or any other Government would have been in a much happier and a much stronger position to negotiate an agreement with Amalgamated Collieries. So it is quite idle for the Minister for Housing to try to make a song out of the fact that the previous Government, as a matter of deliberate policy, refrained from committing itself to Amalgamated Collieries by the signing of the agreement which the company was anxious to get the Government to sign.

The Minister for Housing: That was a very close secret. Nobody knew about it.

Hon. A. R. G. HAWKE: The company knew about it.

The Minister for Housing: The Public Service did not.

Hon. A. R. G. HAWKE: The Public Service as a whole may not have known, but some of the vital officers knew. As a matter of fact, Amalgamated Collieries knew so much about it that its representatives were constantly pestering different Ministers of the Government with a view to trying to get the agreement signed. The company was as anxious to get our Government in the bag as it was anxious to get and has been successful in getting the present Government in the bag in relation to the return of these leases. The Minister for Housing tried to lead members to believe that his Government, in connection with the development of the open-cut on the Black Diamond leases, has done nothing different from what was done by the member for Murchison when he, as Minister for Mines, negotiated with Amalgamated Collieries for the development of the Wallsend open-cut. I imagine no member would be deceived by a comparison of that kind, because the comparison is in no way legitimate.

At the time the previous Minister for Mines negotiated with the company in regard to the Wallsend open-cut, the Electricity Commission was not in any position

to proceed with the development of an open-cut. So the ex-Minister for Mines, under the pressure of absolute necessity to get as much coal as possible within the time, negotiated with this company concerning the Walsend open-cut. In any event, even if there might be a comparison on other grounds, as made by the Minister for Housing, the obvious fact is that the present Government, if it wanted a new open-cut developed quickly, could have persuaded Amalgamated Collieries to develop one on some land other than the land comprised in the Black Diamond leases. The member for Collie told us tonight that Amalgamated Collieries possesses other leases more suitable and economically situated for the development of open-cut mining than are the Black Diamond leases.

**The Minister for Housing:** That is not the opinion of other people.

**Hon. A. R. G. HAWKE:** It is not the opinion of Mr. Downing and Mr. Johnson, the managing director of Amalgamated Collieries.

**The Minister for Housing:** The Electricity Commission picked out the Black Diamond leases as the most easily and quickly worked open-cut.

**Hon. A. R. G. HAWKE:** The Electricity Commission decided upon the Black Diamond leases for certain reasons, admittedly.

**The Minister for Housing:** Because they could be quickly and easily opened up. That is why it resumed the leases.

**Hon. A. R. G. HAWKE:** No. That was not the only reason at all; and I am prepared to accept the opinion of the member for Collie, who, in addition to his own practical experience, would have consulted very closely leading coalmining authorities at Collie in connection with this matter, that Amalgamated Collieries already possesses other leases which are more suitable and better situated economically for the production of coal from open-cut mining than the Black Diamond leases. Obviously the representatives of the company would continually stress with the Government the company's belief that the Black Diamond leases were the only ones which could be developed quickly; because if they could convince the Government of that, they would get back those leases which would

be additional to the many leases already held by the company.

The Minister for Housing tried to make a great point about the fact that Amalgamated Collieries had been given a large number of coalmining leases during the period that Labour Governments were in office. He charged these Labour Governments with extreme generosity towards the company. He did not go so far as to suggest that the company had been given too many leases, though that was the inference from the argument he was trying to build up against the Labour Governments. Evidently the Minister did not really believe that the company had been given too many leases because he, as a member of the present Government, was guilty, within a short period of coming into office, of giving this company two more leases which, previously, a Labour Government had taken from it.

**The Minister for Housing:** And refused it 16 leases.

**Hon. A. R. G. HAWKE:** I am coming to that, because the Minister for Housing unconsciously or otherwise misled the House on that point. The Minister cannot in one breath charge previous Labour Governments with having been generous towards this company by giving it 47 leases—if that is the number—over a period of 14 years and in the next claim that his Government was justified in giving it two more leases which the Government of which I was a member had taken away from the company for the purpose of giving them to the State Electricity Commission in order that that State instrumentality might have some coal supplies of its own, and develop open-cuts or deep mines so as to produce coal and become independent to as large an extent as possible in regard to future supplies.

The attempt of the Minister for Housing to use the Gibson report in support of the Government's attitude and decision in this matter was, of course, ludicrous. I do not know which officer led the Minister "up the garden path" in connection with this report, but it is obvious to anyone who knows its contents that the Minister should not have had it banded to him at all for use in this debate because in its essential features it is almost 100 per cent. in favour of the attitude of the Opposition on the motion. When I asked the Minister, at the time he was holding the Gibson

report in his hand and reading from it, to quote from a certain page, he quickly realised that he was in the ditch and passed it over to the Premier who seemed, at one stage, to be trying to hide it under the seat. This is what Mr. Gibson and also Mr. Wallwork said about the coalmining industry—

All unworked coalmines or coal deposits should remain vested or be re-vested in the State.

By saying that, they meant that a large number of leases now held by Amalgamated Collieries should be re-vested in the State.

The Minister for Housing: Do you hold that view?

Hon. A. R. G. HAWKE: Yet this Government handed back to the company two leases which the previous Government took from it.

The Minister for Housing: You handed back 49.

Hon. A. R. G. HAWKE: No, we did not hand back 49.

The Minister for Housing: You renewed 49.

Hon. A. R. G. HAWKE: The Minister for Housing is quite wrong in saying that we handed them back. Mr. Gibson and Mr. Wallwork had this so say—

When the increasing demand for coal makes it necessary, coal-bearing areas now unworked, should be worked by State instrumentalities for their own use.

If that is not a 100 per cent. endorsement of the attitude of the Opposition in this debate, yesterday and today, and 100 per cent. in opposition to the attitude and decision of the Government, then I do not understand the meaning of plain English words. Mr. Gibson and Mr. Wallwork also said—

The coalmining companies have failed, in spite of the resources at their disposal, to meet the fuel requirements of industry in quantity, quality, or grade, and still continue to do so.

The Premier: Then Mr. Gibson says—

I do not consider it either necessary or desirable for the State Electricity Commission to open up another relatively small mine.

Hon. A. R. G. HAWKE: Yes, and the Minister for Housing and the Premier would have members believe that Mr. Gibson reported against the State Electricity Commission opening up any coal deposits or

mines at all, whereas he actually said he was not in favour of the Commission opening up a coalmine that would be on a small scale.

The Minister for Housing: That is what the Commission was proposing to do.

Hon. A. R. G. HAWKE: It is obvious that Mr. Gibson thought that when the Commission went in for coal production it should do so on a large scale. As I have said, the officer who handed the Gibson report to the Minister for Housing to use in this debate led him up the garden path, because it is a document that is 100 per cent. in opposition to the attitude and decision of the Government in this matter.

Mr. Graham: The Minister had not time to study his brief before making his speech.

Hon. A. R. G. HAWKE: The Minister for Housing was quite naive in respect of the Griffin leases. He told the House that those leases had nothing to do with the returning to Amalgamated Collieries of the Black Diamond leases. He went on to say that the matter of the Griffin leases could be taken up at a later date.

The Minister for Housing: I had a good precedent. You never took the matter up.

Hon. A. R. G. HAWKE: All I can say is that the Minister for Housing must be a prize babe-in-the-wood.

Mr. Reynolds: He is certainly not that.

Hon. A. R. G. HAWKE: By handing the Black Diamond leases back to Amalgamated Collieries Ltd. the Government has surrendered the trump card that it could have played to compel Amalgamated Collieries to do the right thing by the Griffin Company in the matter of the Griffin leases. As long as the Government retained the Black Diamond leases under its control, it had the strongest possible bargaining power in any negotiations it might have at any time with Amalgamated Collieries Ltd. If the Minister for Housing attempts in future to take up with Amalgamated Collieries Ltd. the question of that company doing the right thing with regard to the Griffin lease he will make no headway at all. Amalgamated Collieries Ltd. will politely and courteously tell him, in effect, to go to a place to which at a later stage he may go in any event.

Hon. A. H. Panton: Only the good die young, and the Minister will be here for a long time.

Hon. A. R. G. HAWKE: The Minister for Housing gave us to understand that Amalgamated Collieries had estimated the quantity of coal contained in the Black Diamond leases as being 1,000,000 tons.

Mr. Marshall: Of course they would.

Hon. A. R. G. HAWKE: Evidently the Minister for Housing, and the other Ministers, accustomed as they are to swallowing as gospel everything that Mr. Downing and Mr. Johnson tell them, swallowed this information. The Government Geologist, who should be regarded as an authority, estimated the quantity at approximately 300,000 tons. He would have no private purpose to serve and no axe to grind in the matter. Amalgamated Collieries, of course, would want to put the estimate as near to the sky as possible because they had already threatened the Government with a claim for compensation unless the Black Diamond leases were handed back to them. Obviously, representatives of the company would, in their negotiations with the Government, do everything within their power to mislead it on the matter, and apparently they found it very easy also to bluff and mislead the Government's representatives. The Minister for Housing also told us that he had great faith in the company for the future—

Mr. Marshall: They have great faith in him, too.

Hon. A. R. G. HAWKE: —because representatives of the company had told him that they were proposing to do this, proposing to do that, and proposing to do something else. This company has been proposing to do things for the last 20 years, and perhaps longer. Every time any representative of the Labour Governments approached them, they were always going to do something; always going to organise their coalmining activities in such a way as to produce more coal and to develop their mines systematically and properly. But they never did it, as far as I know. We could get all sorts of promises, undertakings and assurances, but it was the work of the world to get performances from them. Based upon my experience, as a Minister in different Governments, I would say that all the present Minister will get from the company, or most of what he will get, will be assurances and more assurances.

Mr. Marshall: Disillusionment and disappointments, too.

Hon. A. R. G. HAWKE: If I heard the Minister correctly, he said that the members of the State Electricity Commission were worried and desperate about the fact that an agreement covering the supply of coal had not been signed by the previous Government.

The Minister for Housing: No, that is not quite correct.

Hon. A. R. G. HAWKE: Would the Minister for Housing clear the point up?

The Minister for Housing: I said that they were worried about the liabilities which they had to meet and the losses which they had to sustain through the supply of electricity under the 1913 agreement.

Hon. A. R. G. HAWKE: That is a different agreement altogether.

The Minister for Housing: Yes.

Hon. A. R. G. HAWKE: I understood the Minister to be referring to the agreement which our Government had not signed in regard to the Act. All that can be said about the agreement between the Government and the Perth City Council for the supply of electric current at  $\frac{3}{4}$ d. a unit, if that be the price, is that representatives of our Government from time to time contacted representatives of the City Council for the purpose of trying to get them to agree to meet the Government reasonably in the matter. Those representatives of the City Council were like one of the advertisements in connection with Mortein—I think it is—because in effect they said, that they were on a good thing and were completely decided that they were going to stick to it. The only other course open to the Government was repudiation of the agreement because it has a currency, I think of about 50 years with about 15 of them still to run. It could be regarded as repudiation—

Mr. Yates: Or bankruptcy.

Hon. A. R. G. HAWKE: —even if it is done by Act of Parliament, although I am prepared to say that if the Government brings down a Bill to make the provision of the Act or the agreement more fair and reasonable I will have no hesitation in supporting it.

The Minister for Housing: That is a very proper view.

Hon. A. R. G. HAWKE: The Minister for Housing unconsciously, I feel sure mis-



led the House in regard to the Collie Burn leases, because he said that Labour Governments over a period of nine years could not make up their minds whether these leases should be made available to Amalgamated Collieries. He told the House that over this period our Governments had pended the application from this company for these leases. It is true that we did pend them and we did so because we hoped that with the passing of time it might be possible for us to make them available to a State instrumentality. The Minister for Housing told the House that his Government had made a definite decision on the application by Amalgamated Collieries for these leases; the decision being to refuse them.

In this matter I quote from the minutes of a meeting of the State Electricity Commission held, I think, in April, 1948, which sets out that these leases had been reserved for the Commission. That was the intention and I believe the decision of our Government before it left office, namely, that these Collie Burn leases should be reserved for the use of the State Electricity Commission. On the State Electricity Commission's file 7/7/3 is a minute setting out—

The Minister for Housing: What is the date of the minute?

Hon. A. R. G. HAWKE: I am just trying to check up on that. It is a report dated the 19th of April which is on page 55 of file 7/7/3. It reads—

From its inception the Commission has given continuous study to this problem. That is, the problem of coal supplies. The report continues—

It realised long ago that a critical shortage of coal in 1950, and thence onwards, would occur unless special measures were taken. With this end in view it took the following action:—At its request the Collie Burn leases were reserved to the Government with a view to opening up a totally mechanised deep coalmine.

The Minister for Housing: That could only be after 1946.

Hon. A. R. G. HAWKE: It conceivably was after 1946.

The Minister for Housing: It was pended for eight years then.

Hon. A. R. G. HAWKE: My opinion is that the Government reserved the Collie Burn leases to enable the Commission to open up a totally mechanised deep mine and that from which I have quoted is a declara-

tion by the chairman of the Commission. Therefore, it is quite wrong for the Minister to try to lead the House to believe that our Government could not make up its mind about the Collie Burn leases, and could not arrive at a decision as to whether they should be given back to Amalgamated Collieries.

The Minister for Housing: Your Government did not make up its mind for eight years.

Hon. A. R. G. HAWKE: It made up its mind all the time by refusing to grant the applications of the company for these leases, and continued year after year to refuse the applications.

The Minister for Housing: They were not refused at all, but were pended.

Hon. A. R. G. HAWKE: Are we going to split hairs over "refused" and "pended"?

The Minister for Housing: There is a big difference.

Hon. A. R. G. HAWKE: From the practical point of view and especially from that of the company, the pending of their applications for a period of nine years was equivalent to refusing those applications.

The Minister for Housing: But they were pended.

Hon. A. R. G. HAWKE: As I said earlier, the Labour Government continued to pend the company's applications in the hope that, sooner or later, the Government would be in a position to make the area available to a State instrumentality in order that it might be able to produce coal from the Collie Burn leases.

Mr. Marshall: If they had been refused these leases, the area would have become Crown land again and someone else could have taken them over.

The Minister for Housing: They could have been given to someone else.

Hon. A. R. G. HAWKE: In the course of his speech, the Premier said that the Government had to take quick action in order to get additional coal supplies produced—so it took the quick action by handing back the Black Diamond leases to Amalgamated Collieries Ltd. When I was replying to a somewhat similar point made by the Minister for Housing, who said that the Premier had been extremely anxious to get more coal

quickly from open-cuts—I am quite sure he was—I pointed out that he could have prevailed upon the company to develop an open-cut on one of the many leases held by it. However, he was prevailed upon by representatives of the company to hand back the two leases, which it was extremely anxious to get hold of. By that means the company was able to win through in its desire to get the Black Diamond leases returned. The company was not anxious to get them returned only for the purpose of having them so that it could produce coal; the company's vital consideration in the matter was to have the leases taken away from the State Electricity Commission.

Mr. Marshall: That is the point.

Hon. A. R. G. HAWKE: By that means, neither the present Government nor any Government that might succeed the present Administration sooner or later, would have an opportunity to authorise the Electricity Commission to go ahead with its plans and policy to develop an open-cut mine on the leases. When the Premier and his colleagues could allow representatives of this company to persuade them to return these leases on the representation that the company could produce coal more quickly and more economically from them, that action showed great lack of sense and understanding and failure to appreciate that the representatives of the company would put up any argument at all, legitimate or otherwise, for the purpose of getting the leases away from the State Electricity Commission.

Then again, the Premier has told us that Amalgamated Collieries will in the future make only reasonable profits. The Government might through some channel be able to establish a strong legal position so that the company will not be able to make other than reasonable profits out of the coal it sells to the Government. But the profit is not the main consideration in the price that the Government pays for coal. More vital is the cost incurred by the company in producing the coal, and the Government guarantees the company all the cost incurred in producing the coal plus a reasonable profit.

My knowledge and experience lead me to believe beyond any shadow of doubt that the company's methods of producing coal are inefficient and extravagant. So the Premier would be unwise to think that, so long as he ties the company up in the

matter of making only a reasonable profit, he will be safeguarding the State instrumentalities that consume coal. If he wishes adequately to safeguard the Government instrumentalities, he will need to get legal authority somehow to ensure that the company will be under the constant direction of the Government with regard to the methods it employs to produce coal. Until the Government is in that position, it will not be able to obtain coal from the company at a reasonable overall price. We might limit the profit as much as we like, but we shall still find that the overall price paid per ton will be much higher than it should be.

Both the Premier and the Minister for Housing, especially the Minister for Housing, expressed amazement and almost horror at the fact that the preceding Government had gazetted on the 14th March, 1947, one day before the election, the Executive Council Order covering the resumption of the Black Diamond leases for the Electricity Commission. They omitted to say, though both of them knew, that the Executive Council Order itself had been approved on the 3rd March.

The Minister for Housing: That does not make much difference.

Hon. A. R. G. HAWKE: No, but it makes some difference and there is something else that makes a lot of difference, and that is that the Government and the Electricity Commission had been working for a long time before the 3rd March, 1947, to reach a position where the resumption order could be placed before Executive Council for consideration and approval. So it was just the ordinary sequence of events that the order should have been approved on the 3rd March and published in the "Government Gazette" on the 14th March. The Premier told us quite earnestly that the Electricity Commission had not been ignored by the Government and would not in the future be ignored by the Government, but that its advice would be sought on every appropriate occasion. I quote again from page 83 of State Electricity file 7/7/3, which contains an extract from the minutes of a meeting of the Commission held on the 19th August, 1948—

The Commission desires it to be placed on record that it was never consulted regarding the method of working the Black Diamond open-cut.

So the Government did ignore the Commission on that vitally important matter and, as a result, will have to pay away £10,000 for nothing at all.

The Minister for Housing: No.

Hon. A. R. G. HAWKE: That sum of £10,000 has been expended in an almost completely wasteful manner.

The Minister for Housing: That is completely wrong.

Hon. A. R. G. HAWKE: That is recorded on one of the other files of the Electricity Commission which I quoted when addressing the House yesterday. I desire to quote again other declarations made by the Electricity Commission in regard to the Government's action in handing the Black Diamond leases back to the company, and also in regard to the agreement which the Government is to make with the company covering the cost and price of coal to be supplied to the Government from those leases. In State Electricity file 7/7/5, covering a report of a meeting of the Commission held on the 15th April, 1948, the Commissioners express their profound dismay at the action proposed by the Government. The minute goes on to say that the Commission recognised that it was compelled to submit to a direction from the Minister. On the same file there are extracts from the minutes of a meeting of the Commission held on Thursday, the 19th August, 1948. The Commissioners again recorded their regret at the Commission having been compelled by Government direction to enter into an agreement for the purchase of coal, which agreement was entirely devoid of business principles.

The Minister for Housing: The chairman wrote recommending it.

Hon. A. R. G. HAWKE: It was utterly devoid of business principles, in that no tender or quote was obtained to ensure that coal would be stripped and won at the lowest possible cost. So, not by myself alone, nor by members of the Opposition alone, is the Government condemned for its actions and decisions in this matter. Out of the mouth of its own instrumentality—

The Minister for Housing: I thought you would quote that the other way.

Hon. A. R. G. HAWKE: —it is condemned in the strongest possible manner,

even more strongly than it has been condemned by any Opposition member in this House yesterday or today. In view of that, I think we can make a claim to the support of every member of the House, outside the Ministry, in the unmeasured condemnation of the Government by the Electricity Commission. The only positive way in which members of the House can do that is to vote for the motion.

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

Ayes	..	..	..	18
Noes	..	..	..	23

Majority against .. 5

AYES.	
Mr. Brady	Mr. May
Mr. Coverley	Mr. Needham
Mr. Fox	Mr. Panton
Mr. Graham	Mr. Read
Mr. Hawke	Mr. Reynolds
Mr. Hiegnay	Mr. Sleeman
Mr. Hear	Mr. Styants
Mr. Kelly	Mr. Tonkin
Mr. Marshall	Mr. Rodoreda

(Teller.)

NOES.	
Mr. Ackland	Mr. Murray
Mr. Bovell	Mr. Nalder
Mrs. Cardell-Oliver	Mr. Nimmo
Mr. Cornell	Mr. Perkins
Mr. Doney	Mr. Soward
Mr. Grayden	Mr. Shearn
Mr. Hill	Mr. Thorn
Mr. Keenan	Mr. Watts
Mr. Leslie	Mr. Wild
Mr. Mann	Mr. Yates
Mr. McDonald	Mr. Brand
Mr. McLarty	

(Teller.)

Question thus negatived; the motion defeated.

### **BILL—GOLD BUYERS ACT AMENDMENT.**

Received from the Council and read a first time.

### **BILL—INDUSTRIES ASSISTANCE ACT AMENDMENT (CONTINUANCE).**

Returned from the Council without amendment.

### **BILL—PREVENTION OF CRUELTY TO ANIMALS ACT AMENDMENT.**

*Council's Message.*

Message from the Council received and read notifying that it had agreed to the amendment made by the Assembly.

*House adjourned at 1.51 a.m. (Friday).*