

# Legislative Assembly

Wednesday, the 16th August, 1961

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The SPEAKER (Mr. Hearman) took the Chair at 4.30 p.m., and read prayers.

## STATE BUILDING SUPPLIES

Association Between Minister and Sir Halford Reddish

MR. COURT (Nedlands—Minister for Industrial Development) (4.33 p.m.): seek your permission, Mr. Speaker, to make a personal explanation.

The **SPEAKER** (Mr. Hearman): The honourable member may proceed.

Mr. **COURT**: In today's issue of *The West Australian* it is stated amongst other things reported about yesterday's debate on the sale of State Building Supplies that—

It could prove that Railways Minister Court and Sir Halford Reddish were business associates, and that this had nothing to do with the sale price.

I have consulted the *Hansard* transcript and I find the honourable member for Warren is recorded as saying—

It could prove whether the Minister for Railways and Sir Halford Reddish who are business associates allowed that fact to influence the transaction.

I also find that at a later stage in his speech the honourable member said—

By and large the Government has nothing to fear from the appointment of a Royal Commission. If appointed, the Government would have the chance to prove that the Minister for Industrial Development and Sir Halford Reddish, as business associates, did not influence the sale price of the State Building Supplies one iota.

These statements by the honourable member for Warren are incorrect because I have no business association whatsoever with Sir Halford Reddish. If the honourable member for Warren persists in stating that I have, he is saying something which is completely untrue.

Mr. Graham: Yes you have; not in the same company; but you are business associates.

## QUESTIONS ON NOTICE

### RAILWAY WORKSHOPS

#### *Sale*

1. Mr. **BRADY** asked the Minister for Railways:

- (1) Have any firms been approached to purchase the Government Railway Workshops?
- (2) If the answer is "Yes," will he state on what terms the sale is being contemplated?

Mr. **COURT** replied:

- (1) No.
- (2) Answered by No. (1).

### HOUSING FOR PENSIONERS

#### *Construction*

2. Mr. **GRAHAM** asked the Minister representing the Minister for Housing:

- (1) The construction of how many pensioner housing units was commenced in each financial year from the 1st July, 1954, to the 30th June, 1961, respectively?
- (2) What is the programme for the current financial year?

Mr. **ROSS HUTCHISON** replied:

- (1) 1954-55—40.  
1955-56—52.  
1956-57—Nil.  
1957-58—168.  
1958-59—149.  
1959-60—28.  
1960-61—14.

- (2) At the present time there is not a large demand for pensioner housing of this nature, the demand being substantially satisfied during the years 1957-58 and 1958-59, when some 317 units were completed.

The vacancy rate is quite considerable, 40 annually (approximately) and after calculating wastage, it is estimated that the present demand is in the order of 60 to 70 units.

The vacancy rate will attend to approximately 57 per cent. of the existing applications, and 30 more are to be constructed for 1961-62. The position is being watched carefully, and further units will be constructed as required.

### METROPOLITAN TRANSPORT TRUST

#### *Bus Services Not Taken Over*

3. Mr. **GRAHAM** asked the Minister for Transport:

- (1) What bus services are as yet not taken over by the Metropolitan Transport Trust?
- (2) On what approximate dates is it likely these services will be taken over?

Mr. **PERKINS** replied:

- (1) North Beach Bus Co. Pty. Ltd. Scarborough Bus Service Pty. Ltd.
- (2) Take-over date is dependent on duration and result of negotiations, which are current with the North Beach Bus Co. Pty. Ltd. Negotiations will be commenced with the Scarborough Bus Service Pty. Ltd. immediately finality is reached with the North Beach Bus Co. Pty. Ltd.

### STATE HOUSING ACT

#### *Increase of Deposits*

4. Mr. **GRAHAM** asked the Minister representing the Minister for Housing:

Will he lay on the Table of the House all papers relating to the survey upon which a decision was made to increase the standard minimum deposit for State Housing Act homes?

Mr. **ROSS HUTCHINSON** replied:

Yes, for one week.

*The papers were tabled.*

**ORD RIVER CLUB***Cost of Construction*

5. Mr. RHATIGAN asked the Minister for Works:

- (1) What is the estimated cost of construction at Kununurra of—
  - (a) power house;
  - (b) administrative buildings;
  - (c) on site office;
  - (d) canteen block;
  - (e) hostel block;
  - (f) four houses?

(2) What is the estimated cost of electrical equipment and furnishings of the lounge, kitchen, and other portions of the Ord River Club buildings respectively?

(3) What categories of persons are permitted to become members of the club?

(4) What categories of persons are not permitted to become members of the club?

(5) What is the estimated cost of constructing the residential section of the club?

Mr. WILD replied:

(1) The Kununurra buildings were constructed as a lump-sum contract.

From information subsequently supplied by the contractor, the break-up between buildings was obtained; £43,674—representing preliminaries, site works, and prime cost items—was spread proportionally over the ten buildings. Costs thus obtained were:—

	£
(a) Power house .....	45,520
(b) Administrative building .....	24,960
(c) Site office .....	8,751
(d) Canteen block .....	78,896
(e) Hostel block .....	44,830
(f) Four houses .....	48,490

(2) (a) The canteen block comprises:—

(i) The licensed premises of the Ord River Club consisting of recreation room, bar and office.

(ii) A dining room, kitchen, store rooms and office.

(b) The cost of furnishings was:—

	£
(i) Recreation room .....	593
(ii) Bar .....	144
(iii) Two offices .....	134
(iv) Dining room .....	674

(c) The electrical equipment of the kitchen, which provides meals for all Public Works Department personnel, including work force, cost £2,712. Figures relating to the cost of

electrical equipment for individual rooms or buildings are not available as it was a lump-sum contract.

The approximate value of electrical work was £8,500, excluding power house and kitchen equipment in No. (2) (c).

*Membership*

(3) and (4) The Ord River Club is a registered club under the Licensing Act. The constitution provides that members shall be elected by the committee. The committee is elected by club members.

*Residential Section*

(5) There is no residential section of the club. See answer to No. (2) (a) (i).

The hostel block cost £44,830. See answer to No. (1) (e).

**NORTH-WEST HOSPITALS**

*Onslow, Roebourne, and Port Hedland*

6. Mr. BICKERTON asked the Minister for Health:

(1) What is the latest position regarding—

(a) the building of a new hospital at Onslow;

(b) renovations to the hospital at Roebourne;

(c) expected completion date of the new hospital at Port Hedland?

(2) Has consideration been given to obtaining an X-ray unit for the Marble Bar Hospital? If not, why not?

Mr. ROSS HUTCHINSON replied:

(1) (a) Plans and estimate are expected by the end of this month for review by the department.

(b) The hospital has already been renovated, but further additions are under consideration.

(c) The 30th April, 1962, this being the date set out in the contract.

(2) Yes; but medical opinion indicates that this is unnecessary and impracticable.

**AUSTRALIAN PEARLING COMPANY***Berthage Subsidy*

7. Mr. NORTON asked the Minister for Fisheries:

Will he give full details of the berthage subsidy offered to the Australian Pearling Company—referred to in his answer to a question on Tuesday, the 8th August?

Mr. ROSS HUTCHINSON replied:

An offer was made by the Government to subsidise the Australian Pearling Company up to £250 for the season in respect of fees to be paid to another company at Carnarvon for the right to use the latter's berthing facilities.

### WATER FOR EAST CARNARVON

#### *Provision, and Applications for Supply*

8. Mr. NORTON asked the Minister for Water Supplies:

- (1) When is it intended to supply householders at East Carnarvon with reticulated water?
- (2) Have any applications been received from the residents of East Carnarvon to have water supplied to their properties; if so, when were these applications received?
- (3) How many applied for water?
- (4) How many did not want water?

Mr. WILD replied:

- (1) Before the 31st October, 1961.
- (2) Yes. Applications were received between the 9th February, 1961 and the 7th March, 1961.
- (3) Ten.
- (4) No records are available.

### HOUSING FOR NATIVES

#### *Provision at Carnarvon*

9. Mr. NORTON asked the Minister for Native Welfare:

Is it intended to build houses for coloured people at Carnarvon; if so, how many and when?

Mr. PERKINS replied:

Yes. It is planned to erect six type V houses at Carnarvon provided that suitable land is available.

### ITINERANT TEACHERS

#### *North-West and Murchison*

10. Mr. NORTON asked the Minister for Education:

- (1) Is it correct that after this year there will be only one itinerant teacher in the north-west and Murchison?
- (2) If the answer is "Yes"—
  - (a) from what area will one be withdrawn;
  - (b) will parents have to rely on the School of the Air. If so, will those unable to afford a wireless transceiver be supplied with one and on what terms?

Mr. WATTS replied:

- (1) No.
- (2) See answer to No. (1).

### ENCYCLOPAEDIAS

#### *Use by Secondary Schoolchildren*

11. Mr. NORTON asked the Minister for Education:

In view of the fact that a salesman called at my home canvassing for orders for a new edition of a well-known encyclopaedia and made the statement that the Education Department would not recognise references from any encyclopaedia other than the one he was selling:

- (1) Can the Minister advise the House whether his department gives any directions as to which encyclopaedia secondary schoolchildren are to use for references?
- (2) Is it not a fact that the textbooks supplied by his department or those recommended, contain most of—if not all—the information required for students to pass their various examinations?
- (3) Does he not think that some action should be taken to stop salesmen from making statements that could cause parents unnecessarily to spend approximately £300?

Mr. WATTS replied:

- (1) No directions are given by the Education Department.
- (2) Yes.
- (3) This will be investigated.

### GASCOYNE RIVER

#### *Plan to Reduce Flooding*

12. Mr. NORTON asked the Minister for Works:

- (1) Has a definite plan been formulated to reduce the intensity of the flooding of the Gascoyne River at Carnarvon?
- (2) If the answer is "Yes," will he outline what action is to be taken and when?

#### *Clearing of Whitmore Island and Other Islands*

- (3) Has any consideration been given to the clearing of Whitmore Island and the islands between the river mouth and the motor crossing, or any other island west of the Gascoyne Bridge?

Mr. WILD replied:

- (1) No. Investigations covering possible dam sites are not yet complete.
- (2) Answered by No. (1).
- (3) Some consideration has been given to clearing the islands; but it is considered that any possible benefits, which are doubtful, would not warrant the expense involved.

### GASCOYNE AREA

#### *Applications by Planters for Land, and Allocations*

13. Mr. NORTON asked the Minister for Lands:

- (1) How many planters were entitled to apply for land, on the north side of the river, east of the Gascoyne bridge?
- (2) How many did apply?
- (3) Have any of the applicants been allocated land; if so, how many?

Mr. BOVELL replied:

- (1) Sixteen.
- (2) Fourteen.
- (3) Yes. Eleven.

### BANANA PLANTERS

#### *Insurance Scheme Against Cyclone Damage*

14. Mr. NORTON asked the Treasurer:

- (1) In view of the fact that one of the conditions of the relief given after the cyclone in 1960, to the banana planters, was that they should agree to an insurance scheme, can he advise the House—
  - (a) if the planters accepted this condition;
  - (b) did Cabinet agree to this condition; if so, when?
- (2) Is legislation necessary to bring this insurance scheme into operation; if so, when will it be introduced?
- (3) Is the scheme in operation at the present time?

Mr. BRAND replied:

- (1) (a) Yes.  
(b) Yes, on the 21st February, 1961.
- (2) Yes. It is anticipated that legislation will be introduced during the current session.
- (3) No.

### SNAPPER TRAPPING

#### *Effect on Catches*

15. Mr. NORTON asked the Minister for Fisheries:

- (1) Has a research officer of the Fisheries Department visited the Shark Bay fishing grounds during the present snapper season, to follow up the research on snapper trapping which commenced last year?
- (2) If the answer is "Yes," is his full report available? If not, has he made an interim report?
- (3) Has he read the article in the *Weekend News* of the 12th August headed—"Fish Season Crash. Crays Now Snapper"?

(4) Does he agree with Mr. Pupazzo and Mr. Cicerello that the fishermen are reaping their own sowing by—

- (a) the use of traps slowing down the production rate, disturbing the ocean bottom, and destroying the snapper eggs;
- (b) chasing the fish to new breeding grounds?

Mr. ROSS HUTCHINSON replied:

- (1) No.
- (2) See answer to No. (1).
- (3) Yes.
- (4) At this juncture I am not in position to agree or disagree with the reported comments of the gentlemen referred to, particularly as final production figures for the season are not yet available. However, as the departmental report issued last year shows, annual fluctuations in the catch have been a feature of the snapper fishery for many years and other factors are involved as well as the use of fish traps.

### HOSPITAL CHARGES

#### *Comparative Daily Rates*

16. Mr. MOIR asked the Minister for Health:

What daily rate is charged for public ward bed in—

- (a) Royal Perth Hospital;
- (b) Kalgoorlie District Hospital
- (c) Metropolitan area private hospitals;
- (d) Kalgoorlie private hospitals

Mr. ROSS HUTCHINSON replied:

- (a) and (b) Minimum daily charge is 56s. which applies in respect of more than 50 per cent. of the total beds in both hospitals. As with other public hospitals, the rate for pensioners is at a maximum of 36s. per day.
- (c) and (d) The department has no jurisdiction in respect of fees at private hospitals and, in any case, there are no public ward beds at such hospitals. However, fees are usually fixed in accordance with the accommodation provided, and vary widely.

### FIRLE DAIRY

#### *Correspondence with Milk Board*

17. Mr. EVANS asked the Minister for Agriculture:

- (1) Arising from his answer to the second part of No. (1) of question No. 25 on the notice paper of Wednesday, the 9th August—namely, that "several comprehensive replies have been sent to

Firle Dairy Pty. Ltd."—would he please indicate on what dates these replies were forwarded by the Milk Board?

- (2) Would he please indicate whether in the "several comprehensive replies" mentioned, the Milk Board disclosed to Firle Dairy Pty. Ltd. that its application to supply school milk in its own right was—
  - (a) accepted; or
  - (b) rejected;
  - (c) on what date was such disclosure made?
- (3) If the Milk Board rejected the above application, on what grounds was the rejection made?

Mr. NALDER replied:

- (1) From the letters I have sent, the honourable member should be aware of the position.
- (2) and (3) Answered by No. (1).

18A. Mr. EVANS asked the Minister for Agriculture:

Referring to the answer given by him to question No. 25 on the notice paper of the 9th August, 1961—

- (a) Part No. (1) (i): When is it likely that an answer to the correspondence can be expected, as seven months have now elapsed?
- (b) Part No. (1) (ii): Would he please indicate how his answer is related to the question asked; namely, why an application made by Firle Dairy, of Kalgoorlie, to supply milk in its own right, made on the 8th February, 1961, has not merited a written or any reply?

Mr. NALDER replied:

- (a) As soon as a decision is reached.
- (b) The honourable member has already been advised of the circumstances by correspondence.

## MILK

### *Supplies to Kalgoorlie Schools*

18B. Mr. EVANS asked the Minister for Agriculture:

Referring to his answer to question No. 25 on the notice paper of the 9th August—

- (1) Does he imply in his answer to No. (2) that the standard of milk at present supplied to schools in Kalgoorlie-Boulder differs from the standard required for household consumption; that is, by his reference to the words: "To enable children attending Kalgoorlie and Boulder

schools to receive school milk in accordance with the standard required"?

- (2) Would the standard of milk supplied to Firle Dairy, Kalgoorlie, by Masters Dairy, Perth, differ from that supplied from the same source for consumption as school milk in Kalgoorlie-Boulder schools? If the answer is "No," what purpose does the second part of his previous answer to No. (2)—that is: "The milk treatment plant in Kalgoorlie receives the major portion of its milk from Perth"—serve?
- (3) Further to his answer to No. (3) of the above question, would he please indicate on what date, and by what means, the refusal mentioned was communicated by the management of Firle Dairy, Kalgoorlie, to the Milk Board?

Mr. NALDER replied:

- (1) My reply included the words—"and to meet the wishes of the Goldfields Headmasters' Association".
- (2) The statement "The milk treatment plant in Kalgoorlie receives the major portion of its milk from Perth" was in answer to the inquiry of the honourable member regarding milk supplied from Perth.
- (3) The refusal was conveyed by Firle Dairy to Masters Dairy Pty. Ltd. which has supplied school milk to Kalgoorlie and Boulder since the service commenced.

19. *This question was postponed.*

## GASCOYNE RIVER

### *Proposals for Water Conservation*

20. Mr. NORTON asked the Minister for Water Supplies:

Will he explain to the House just what is meant by his answer to question No. 37 on Tuesday, the 8th August—"in keeping with the report it is proposed to augment the existing water supplies from sands upstream of the bridge to growers by early 1962"?

Mr. WILD replied:

Page 34 of the Scott and Furphy report states—

### *Recommendations*

- (iv) That, with as little delay as possible, the following work be put in hand—

- (a) The construction of a series of bores or wells along the banks

of the river both upstream and downstream of the bridge and the equipment thereof with suitable pumping machinery.

- (b) The construction of a piped reticulation system to convey the water from the pumping points and to deliver it, under suitable pressure, to each plantation.

As a pilot scheme it is intended to construct and equip wells upstream of the bridge and supply water to a number of settlers downstream of the bridge. This work is planned for completion early in 1962.

### APPRENTICES

#### *Changes in Conditions*

21. Mr. W. HEGNEY asked the Minister for Education:

- (1) Was he correctly reported in *The West Australian* of the 31st July, 1961, in connection with a statement that changes were needed in the conditions governing apprentices in Western Australia?
- (2) If the reply to No. (1) is "Yes," will he give details of the nature of such changes?

Mr. WATTS replied:

- (1) and (2) It is intended as soon as practicable to arrange a conference between representatives of all interested parties; and, in the meantime, it is not desirable to publicise suggestions concerning the matter.

### ADVANCE BANK ACCOUNTS

#### *Service Charge*

22. Mr. LEWIS asked the Minister for Lands:

- (1) Is he aware that a service charge is being made by some banks on advance accounts?
- (2) Is the Rural and Industries Bank joining with other banks in this charge?

Mr. BOVELL replied:

- (1) Yes.
- (2) The Rural and Industries Bank has not introduced such a charge.

### MOORA JUNIOR HIGH SCHOOL

#### *Finance for Drainage of Grounds*

23. Mr. LEWIS asked the Minister for Works:

Has finance been allocated for drainage of the grounds of Moora Junior High School?

Mr. WILD replied:

No advice has been received from the Education Department as yet.

### MOORA HIGH SCHOOL

#### *Drainage and Filling of Grounds*

24. Mr. LEWIS asked the Minister for Works:

- (1) Will funds be available for the drainage and filling of the grounds of Moora High School this year?
- (2) If so, when will the work be carried out?

Mr. WILD replied:

- (1) The Education Department has not yet advised as to the availability of funds.
- (2) Answered by No. (1).

### SUPERPHOSPHATE FOR FARMERS

#### *Delivery Arrangements, and Spreading*

25. Mr. KELLY asked the Minister for Agriculture:

Can he outline to the House details in connection with the delivery and spreading of bulk superphosphate to farmers in this State, particularly as applying to transport arrangements?

Mr. NALDER replied:

This is a service offered by the superphosphate companies to those farmers who wish to take advantage thereof and has not involved my department in any way.

### DECIMAL CURRENCY

#### *Delay in Introduction by Commonwealth Government*

26. Mr. KELLY asked the Premier:

- (1) Can he advise the House of the reason for the delay of the Commonwealth Government in reaching a decision to introduce decimal currency into Australia?
- (2) Is he aware that reluctance to adopt this course is estimated to be costing Australia approaching a quarter of a million pounds per month?
- (3) Will he exercise his influence in having an early decision reached?

Mr. BRAND replied:

- (1) No.
- (2) I have seen reports in the newspapers to this effect.
- (3) I cannot see that any useful purpose would be served by pressing the Commonwealth Government for a decision at this stage.

**COAL****Current Price to Government  
Instrumentalities**

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

What is the actual current price of coal per ton at pit mouth in respect of the following:—

- (a) Western Collieries Ltd. No. 2 Mine;
- (b) Western Collieries Ltd. No. 4 Mine;
- (c) Griffin Coal Mining Company Hebe Mine; and
- (d) Griffin Coal Mining Company Muja Open Cut

as supplied to all State Government instrumentalities?

Mr. ROSS HUTCHINSON replied:

- (a) 53s. 4d.
- (b) 53s. 4d.
- (c) 50s. 5d.
- (d) 20s. 5d.

**Accepted Tender Price**

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

What was the accepted tender price for coal per ton—

- (a) Western Collieries Ltd. No. 2 Mine;
- (b) Western Collieries Ltd. No. 4 Mine;
- (c) Griffin Coal Mining Company Hebe Mine; and
- (d) Griffin Coal Mining Company Muja Open Cut?

Mr. ROSS HUTCHINSON replied:

- (a) 52s.
- (b) 52s.
- (c) 50s.
- (d) 20s.

29. *This question was postponed.*

**STATE BRICKWORKS AT ARMADALE****Cost of Machinery, Establishment, and  
Commencement of Production**

30. Mr. TONKIN asked the Minister for Industrial Development:

- (1) What was the cost of the machinery which was installed in the State brickworks at Armadale during its construction?
- (2) What was the total cost of the establishment of the works and on what date did it commence production?

Mr. COURT replied:

- (1) Installed cost of fixed machinery including electrical installation:
  - (a) No. 3 Wirecut Works to the 30th June, 1952—£16,030.
  - (b) No. 2 Pressed Works to the 30th June, 1954—£151,632.

- (2) Total cost of establishment including all machinery and plant, mobile plant, quarry and clay pit:

- (a) No. 3 Wirecut Works to the 30th June, 1952—£57,086.

Commenced production October, 1951.

- (b) No. 2 Pressed Works to the 30th June, 1954—£729,145. No. 1 kiln commenced production October, 1952. No. 2 kiln commenced production November, 1953.

**TOTALISATOR AGENCY BOARD****Credit Betting**

31. Mr. TONKIN asked the Minister for Police:

- (1) As it was the declared policy of the Government to make all credit betting off-course illegal except betting against deposits actually lodged by the bettor, and maintained by him, will he instruct the T.A.B. that under no circumstances are its agents to be permitted to lend money to bettors for the purpose of either establishing or maintaining their accounts or both?
- (2) Will he also direct that no agent of the T.A.B. is to be allowed to permit any person to act on his behalf and lend money to any bettor for the purpose of either establishing a credit account or maintaining it or both?

Mr. PERKINS replied:

- (1) and (2) As there is no indication that T.A.B. agents are acting illegally, and as the T.A.B. is a body created by Act of Parliament, I do not propose to thus instruct the T.A.B.

**METROPOLITAN WATER SUPPLY  
DEPARTMENT****Sewerage Rates, Charges, etc.**

32. Mr. TONKIN asked the Minister for Water supplies:

- (1) What were the total earnings of the Metropolitan Water Supply Department for the year ended the 30th June, 1961, in respect of sewerage rates and charges in lieu of sewerage rates?
- (2) What was the surplus on working in respect of sewerage for the year?
- (3) What was the total debit against sewerage for the year in respect of depreciation-sinking fund contributions, interest on loan funds and on stores suspense?



Mr. WILD replied:

	£
(1) Sewerage rates .....	856,000
Charges in lieu of rates .....	40,000
(2) Surplus on working .....	429,000
(3) Depreciation-sinking fund contributions .....	99,000
Interest on loan funds .....	259,000
Interest on stores suspense .....	4,000

### UNDERSIZED FISH AND CRAYFISH

#### *Seizure of Fishermen's Boats and Equipment*

33. Mr. JAMIESON asked the Minister for Fisheries:

- (1) How many fishermen have had boats and equipment seized for having in their possession undersized crayfish during the years of 1958, 1959, 1960, and 1961 to the end of June?
- (2) How many fishermen have had boats and equipment seized for being in possession of undersized fish during the years of 1958, 1959, 1960, and 1961 to the end of June?

Mr. ROSS HUTCHINSON replied:

- (1) and (2) None. Under the Fisheries Act, the possession of or dealing in undersized fish (including crayfish) involves only the forfeiture of the fish which are undersized; or, if the number of undersized fish in any container exceeds 5 per cent. of the total number in that container, the forfeiture of all the fish in that container, regardless of size. Boats and other equipment used in the capture of undersized fish may not be seized, unless they are being used in closed waters.

### HOSPITAL FOR QUEEN'S PARK

#### *Site*

34. Mr. JAMIESON asked the Minister for Health:

- (1) Has a site yet been decided upon for the proposed hospital for Queen's Park area?
- (2) If so, where?

Mr. ROSS HUTCHINSON replied:

- (1) and (2) No; but the matter is under consideration by the Town Planning Commissioner in co-operation with departmental officers.

### HEART APPEAL CAMPAIGN

#### *Originators and Organising Fees*

35. Mr. JAMIESON asked the Minister for Health:

- (1) Who were the originators of the Heart Appeal Campaign?

- (2) What percentage of the gross collections is available from this appeal as a fee to the organisers?

Mr. ROSS HUTCHINSON replied:

- (1) The National Heart Foundation of Australia, of which the local organisation is a branch.
- (2) Nil; but for the information of the honourable member, the expense ratio covering all outgoings is 4.6 per cent. of the total collection of approximately £200,000, including a salary paid to the director at the rate of £2,500 per annum. It is understood that this is the lowest expense ratio of any State in Australia.

### FESTING STREET, ALBANY

#### *Government's Intention on Road Works*

36. Mr. HALL asked the Minister for Works:

- (1) Is it intended that road works, shortly to be commenced on Festing Street, Albany, will be in the nature of a temporary expedient to serve Albany Harbour?
- (2) If the answer is "No," would it mean that the Government had decided not to go ahead with the second stage of the Tydeman Scheme for the development of the Albany Harbour?
- (3) What is the estimated cost to lift the gradients and widen Festing Street, and what money has been spent by the Government on that street up to date?

Mr. WILD replied:

- (1) Festing Street is being improved largely for the cartage—along a direct line—of rock phosphate and sulphur to the superphosphate works.
- (2) No.
- (3) A round figure estimate is £7,000. No expenditure has been incurred to date.

### SCHOOL BUS OVERLOADING IN ALBANY DISTRICT

#### *Payment of Insurance in Event of Accident*

37. Mr. HALL asked the Minister for Education:

- (1) Is he aware that a school bus—prewar Bedford—licensed to carry 27 adult passengers, is carrying 74 schoolchildren to and from school on the Napier run, Albany district?
- (2) Would insurance be paid, in the event of an accident to persons in this overcrowded bus?

Mr. WATTS replied:

- (1) A bus with a carrying capacity of 66 children has been transporting 73 children. At least 11 of these are picked up within three miles of the school.
- (2) Yes.

### BENTLEY FLATS

#### *Tender Price*

38. Mr. GRAHAM asked the Minister representing the Minister for Housing:

- (1) What was the tender price for the contract for 33 flats at Bentley submitted by—

(a) Jaxon Construction Pty. Ltd.;

(b) Carr Bros.?

- (2) Did the State Housing Commission make a recommendation; if so, what?
- (3) For what reasons was the contract awarded to the higher tenderer?

#### *Reputation of Carr Bros.*

- (4) What is—

(a) the number;

(b) the value;

of contracts granted to Carr Bros., by the State Housing Commission?

- (5) Has the firm proved unsatisfactory?
- (6) If so, in what particulars?

Mr. ROSS HUTCHINSON replied:

- (1) Sloan Homes (W.A.) Pty. Ltd.—£45,446 (tender withdrawn).  
Jaxon Construction Pty. Ltd.—£47,583.

Carr Bros.—£47,250.

- (2) Yes, that Swan Cottage Homes Inc. be advised that the tender by Carr Bros. is satisfactory and could be accepted.
- (3) Swan Cottage Homes Inc. advised the commission—

The difference between the tenders of Carr Bros. and Jaxon Construction Pty. Ltd. is only £33, and from our point of view does not warrant a change of builders in mid-stream.

Our Board of Management is of the opinion that—

- (1) Jaxon Construction Pty. Ltd. has done a satisfactory job.

- (2) That being on the site—responsible for maintenance on the first phase—and with undoubted experience of our organisation and requirements—may offer advantages to us which are difficult to set aside.

- (3) This firm and some of their main suppliers are local organisations and, because of their association with our charitable work, are deserving of our support.

- (4) Because they achieved at our request the completion of the first phase in a remarkably short time, they can be relied upon to adhere to our programme on this occasion.

For these reasons, we would prefer to remain with Jaxon Construction and would be grateful if the contract could be signed with this tenderer at a convenient time this afternoon.

My board trusts that our decision, as an outside body, will in no way embarrass your commission in respect to your normal procedures, and that you will agree that the factors which we have outlined logically justify our attitude.

Mr. GRAHAM: Signed, Richard Cleaver?

Mr. ROSS HUTCHINSON: The answer continues—

- (4) During post-war years up to 1959 the contracts were—

(a) 150 houses and flats, approximately.

(b) £363,000, approximately.

Very few tenders have been received from Carr Bros. since 1959, and none of these has been successful.

- (5) No.

- (6) Answered by No. (5).

### POPULATION OF WESTERN AUSTRALIA

*Figure on the 30th June, 1961*

39. Mr. GRAHAM asked the Premier: What was the population of the State on the 30th June, this year?

Mr. BRAND replied:

Population statistics up to the 30th June, 1961, will not be available until the census investigation is announced, probably next month. The population as at the 31st March, 1961, was 742,642.

### UNDER-AGE DRINKING

#### *Number Charged*

40. Mr. GRAHAM asked the Minister for Police:

How many persons have been charged for the offence of under-age drinking for each of the last three years respectively?

Mr. PERKINS replied:

1959:  
Persons charged: 350. Convicted:  
321. Dismissed: 18.  
1960:  
Persons charged: 571. Convicted:  
539. Dismissed: 32.  
1961:  
Persons charged: 649. Convicted:  
624. Dismissed: 15.  
The figures are for the year ended  
the 30th June.  
The dismissals would, in most  
cases, be in the Children's Court.

### BETTING TICKETS

#### *Charge for Printing*

41. Mr. GRAHAM asked the Minister for Police:

- (1) What did the printer charge for printing the betting tickets for the Betting Control Board (excluding over-printing)?
- (2) What is the price being charged for the printing by the printer for betting tickets for the Totalisator Agency Board?

Mr. PERKINS replied:

- (1) The control and issue of betting tickets was administered by the Treasury and not the Betting Control Board. Tickets were printed at the Government Printing Office and no charge was levied against the department.
- (2) Totalisator Agency Board betting tickets cost 6s. 6d. per 1,000 plus 12½ per cent. sales tax.

### HELENA RIVER

#### *Replacement of Road Bridge*

42. Mr. OWEN asked the Minister for Works:

- (1) Does the Main Roads Department propose to build a new road bridge over the Helena River below Mundaring Weir?
- (2) If so—
  - (a) where will the new structure be located;
  - (b) when will the work be put in hand?

Mr. WILD replied:

- (1) It is not proposed to replace this bridge in the near future.
- (2) Answered by No. (1).

### BUILDING TRADESMEN

#### *Tabling of Report on Availability*

43. Mr. TOMS asked the Minister representing the Minister for Housing:

Will he lay upon the Table of the House the report of the committee appointed to investigate the availability of building tradesmen in this State?

Mr. ROSS HUTCHINSON: This question is wrongly addressed to me. I refer it to the Minister for Labour.

Mr. PERKINS replied:

I am sorry if there has been some misunderstanding in regard to this question. Perhaps it results from a reply I gave on Tuesday, the 8th August, the second sitting day of this session. The reply is printed in the *Votes and Proceedings of the Legislative Assembly*, No. 2. This question really relates to apprentices and not to the overall matter of building tradesmen. There is no report giving the details which I think the member for Maylands really requires. It is purely dealing with the question of the availability of apprentices.

Mr. Toms: Is that report available?

## QUESTIONS WITHOUT NOTICE

### HAWKER SIDDELEY GROUP

#### *Retrenchments at Carlisle*

1. Mr. JAMIESON asked the Minister for Industrial Development:

- (1) Is it a fact that 14 men from the Carlisle section of the Hawker Siddeley Group have been given notice of retrenchment as from Friday, the 25th of this month?
- (2) If so, did the Government discuss this matter with the group before such notices were issued?
- (3) If this discussion took place, what was the reason given for the retrenchments?

Mr. COURT replied:

I have no knowledge of this. I am sure the company would have seen me first.

### FIRLE DAIRY

#### *Correspondence with Milk Board*

2. Mr. EVANS asked the Minister for Agriculture:

In reference to the Minister's answer to question No. 17 on today's notice paper—

- (1) As I have asked on two occasions—on the 9th August, and again today—why Firle Dairy Pty. Ltd. has not received a reply from the Milk Board in regard to supplying school milk in its own right, on how many occasions must I inquire in order to acquire this information?
- (2) When will a reply be given by the Milk Board to Firle Dairy Pty. Ltd.?

I have used these two methods of inquiring about a reply from the Milk Board. I am not referring to any correspondence that has emanated from the Minister, as the original application was between the dairy and the Milk Board, and was not with the Minister at all.

Mr. NALDER replied:

A certain amount of detail is required in order to answer this question; and as I have not the information with me at the moment I suggest that the honourable member place the question on the notice paper.

#### *Speaker's Ruling on Repetition of Question*

The SPEAKER (Mr. Hearman): I want to make the position quite clear at this moment. The member for Kalgoorlie says himself that he has asked this question twice already. I cannot permit the question to be asked over and over again, and therefore I think the Minister will have to try to arrange to have a private discussion with the honourable member on the matter, because if I allow this trend to continue there will be no end to the questions.

### PETROL

#### *Price Reduction*

3. Mr. HALL: With your indulgence, Mr. Speaker, I would like to read an article which was published in today's issue of *The West Australian* and headed "Refineries Lose Tariff Protection." The article reads—

The Federal Government has accepted a Tariff Board recommendation removing tariff protection from Australian petroleum refineries.

As a result, both imported and locally refined petrol now carry a levy of 11½d. a gallon.

As a result of the publication of that article, I ask the Premier: If he is aware of the Federal Government's intention, will he undertake to contact the Federal Government to ascertain whether there will be a reduction in the price of petrol?

Mr. BRAND: The honourable member sent a copy of his question to me, but I was so busy reading the correspondence from the Leader of the Opposition this morning that I did not have time to go through all of the questions that were sent to me, including that by the honourable member. However, if I can recall correctly, there was some indication given,

either by radio broadcast or in the Press, that there would be a reduction in the price of petrol. If the honourable member considers it necessary to write to the Commonwealth Government to inquire about a reduction in the price of petrol, I would suggest that he has as much time as I have to do that.

### STATE BUILDING SUPPLIES

#### *Newspaper Report on Member for Warren's Speech*

4. Mr. ROWBERRY asked the Minister for Industrial Development:

(1) Arising out of his personal explanation to the House, does he hold the member for Warren responsible for any newspaper report?

#### *Justification for Royal Commission*

(2) Will he not admit now that the appointment of a Royal Commission into the sale of the State Building Supplies would be in the best interests of everybody concerned?

Mr. COURT replied:

(1) and (2) I must admit that I was battling with the language contained in the second question; but if I understand it aright, first of all I do not hold the honourable member responsible for what has been published in *The West Australian* newspaper. I did take the precaution of checking what he said in *Hansard*, for which I assume he accepts responsibility. In answer to the second part of his question, there has been no evidence advanced, either during this session or before it, to justify the appointment of a Royal Commission.

#### *Terms of Sale*

5. Mr. GRAHAM asked the Minister for Industrial Development:

On Thursday last, following a delay of several days, the Minister assured me that parts (5) to (25) of the 29 parts of question No. 36 appearing on the notice paper were being further examined to ascertain to what extent the detailed information could be extracted and made available, and that the honourable member asking the question would be advised at the next day of sitting. That next day of sitting was yesterday, and I ask the Minister whether he is now able to supply the answers to these questions.

**Mr. COURT replied:**

I should apologise to the honourable member for not presenting the answers to his questions yesterday; but due to my heavy cold over the week-end, I did not have a chance to give my consideration to the very lengthy questions which he submitted.

However, I have now carefully studied them and the details involved.

Much of the information sought is well known to members in a broad and sufficient way, and I am of the opinion that the special staff work that would be involved to extract in detail all the information requested is not reasonably justified.

A study of the agreements tabled yesterday will give much of the information asked for. Some of the detail readily available is set out hereunder:

- (1) to (4) Answered on the 10th August, 1961.
- (5) Capital expenditure (excluding expenditure on reconstruction covered by insurances) £73,272.

Normal maintenance has been carried out on plant, mills, and yards, etc., and charged to production costs in the usual way.

- (6) (a) Mobile plant—as detailed in answer to a question by the honourable member on the 10th August, 1961.
- (b) Manjimup Yard: Progress towards completion of programme of works at this centre including dry storage sheds and sorting table, installation of machines transferred from Victoria Park, permanent cover on portion of the air drying yard, clearing and earth work on the fire protection belt.
- (c) Armadale: Purchase of adjoining property.
- (d) Miscellaneous: Work at various centres.
- (7) (a) Sick leave: The liability will depend on the actual sick leave claimed following exhaustion of any sick leave accruing under the new employer.

At the 30th June, 1960, the provision in the State Building Supplies accounts was £13,500.

The amount to be provided in the State Building Supplies accounts to the 30th June, 1961, has yet to be determined.

The amount of entitlement in the Railways at 30th June, 1961, was £12,255.

- (b) Long-service leave: The value of accrued and *pro rata* long-service leave of State Building Supplies employees at the 30th June, 1961, is to the order of £170,000.

Of this, £86,699 was already accrued in the accounts to the 30th June, 1960.

The final provision in the 30th June, 1961, accounts has yet to be determined.

The cash value of entitlement for employees of Banksiadale Mill at the 30th June, 1961, was £20,307.

The actual pay-out and commitment will depend on the number of employees who elect to carry forward long-service leave entitlement with the new owner and so take full advantage of provisions of the agreement made with the Government in this respect.

- (c) Superannuation: The equivalent of the State's contribution for employees at the 30th June, 1961, under the age of 60 as will be paid to contributors in addition to refund of the surrender value of their own contributions by the Superannuation Board has been calculated at £58,317 in the case of the State Building Supplies and £8,406 in the case of the railway mill.

A limited number of contributors over 60 years of age have statutory rights to a commuted pension and any immediate cash payment will depend on the number exercising this right.

- (8) (a) and (b):  
*State Building Supplies:*  
 Year ended the 30th June, 1961:  
 Interest paid, £133,853.  
 Sinking fund contribution, £22,963.  
 Current financial year—figures would have been close to those for 1960-61.  
*Railways:*  
 1960-61: Interest paid, £11,428; sinking fund contribution, £13,260.  
 1961-62 (estimated): Interest paid, £11,380; sinking fund contribution, £14,950.
- (9) to (12) A lot of this information is included in the Agreement of Sale.  
 The remainder I consider is fairly covered by the preamble to these answers.
- (13) to (16) Forestry permits are governed by the Act.  
 The standing timber is not sold in its entirety to permit holders but is released on a royalty basis under permits. In any case it would be undesirable to publish official estimates of loadages or life.
- (17) *State Building Supplies:* Logs on mill landing—1,127 loads valued at £3,663. Logs in the bush paid for by the State Building Supplies—Nil.  
*Railways:* Banksiadale (including Asquith). Logs on mill landing, bush landing and on rail as at the 30th June, 1961—718 loads 47 c/f. calculated value £3,480 15s. 1d.
- (18) No guarantee of quantities has been given to the company and it is not desirable to publish any official estimates.
- (19) At 4-ton per 1,000 bricks—140,000 tons.
- (20) Clay and shale—24,688 cubic yards valued at £15,461.  
 Coal—222 tons valued at £1,083.  
 Firewood—68 cords, valued at £221.
- (21) It is not customary to make such an assessment.
- (22) Annual accounts for year ended the 30th June, 1961, are not yet completed.
- (23) No specific amount was allocated as the value of goodwill.
- (24) Yes. In this regard it is appropriate to refer to the answer previously given to question No. (1).
- (25) Answered by No. (24).

6. Mr. GRAHAM asked the Minister for Industrial Development:

Does he admit that the agreement between the Hawker Siddeley Group and the Government contains a reference to one sum only; namely, £1,000,000 for the sale of all fixed assets which appear in the balance sheet of the State Building Supplies as being in excess of £2,000,000—in other words, exclusive of the State Building Supplies; and, from what source or sources does he obtain the additional anticipated return to make up his estimate of £2,200,000 as the gross return for the disposal of the enterprise?

Mr. COURT replied:

The consideration in the contract is clearly set out in the agreement; and I do not think it needs me to elaborate on the exact nature of the consideration and what it refers to, and certainly not to answer a snap question of this nature.

However, to explain to the honourable member, as has been explained in the Press on more than one occasion, the estimated consideration that will be received for the asset is, first of all, the fixed sum that is shown for some of the assets, plus some other assets in the form of general trading stocks, work in progress, and bricks that have to be taken over by the company as at the date of takeover.

In addition, the company has to realise the book debts at its expense on behalf of the Government, and the Government gets the proceeds of those book debts. In addition, the remainder of the major part of the timber stocks are taken over by the company on consignment on behalf of the Government. The company is responsible for the care and custody of them and the Government has the right of inspection, and the proceeds, in accordance with the consignment formula, go to the Government as part of the purchaser's price.

Mr. Graham: Yes, all of the fixed assets at £1,000,000.

Mr. COURT: It could not be simpler.

Mr. Hawke: It is wicked. It is getting more wicked every day!

#### BUILDING TRADESMEN

##### *Tabling of Report on Availability*

7. Mr. TOMS asked the Minister for Labour:

Arising from his answer to my question—No. 43 on the notice paper this afternoon—I would

like to point out that this question was, in the first place, addressed to the Minister for Labour; but, for some unknown reason, it was thrown over to the Minister for Housing.

The question has been on the notice paper for four days now, and the answer I have been given is that a committee is inquiring into the position of apprentices in this State. My question is: Will the Minister lay that report on the Table of the House?

Mr. PERKINS replied:

The only answer I can give the honourable member is that which appears on page 18 of the *Votes and Proceedings* for Tuesday, the 8th August, 1961, and that answer is as follows:—

I am not aware that the number is short, but a fact-finding committee appointed by the Minister for Housing and headed by Professor Bowen of the W.A. University, is giving careful consideration to the question of availability of tradesmen,

That is where some confusion arises because that answer has no relation to any inquiry into the position of apprentices. The answer continues—

—and its report will be released when the findings of the committee have received the consideration of the Government.

It was not my department that appointed this committee to make investigations into the position of apprentices; and, so far as I know, that report in relation to apprentices is still not available. Therefore, I cannot give any further elucidation of the matter today.

## MOOLA BULLA CATTLE STATION

### *Tabling of Papers Regarding Sale*

8. Mr. OLDFIELD asked the Minister for Native Welfare:

Will he lay upon the Table of the House all papers relating to and dealing with the sale of the Moola Bulla cattle station?

Mr. PERKINS replied:

It will take me some considerable time to collect all these papers. The principal ones are held by the Lands Department; and the negotiations for the sale, I understand, were carried out by that department. Any papers which I will be able to obtain—I have some of them—will not supply the full particulars of the sale.

9. Mr. OLDFIELD asked the Minister for Lands:

Will he lay upon the Table of the House all papers in the possession of his department dealing with the sale of the Moola Bulla station?

Mr. BOVELL replied:

Yes; I will do that tomorrow.

Mr. Hawke: Hear, hear! The only Minister who knows what he is doing!

Mr. BOVELL: I will need a cart to bring them up.

## STATE BUILDING SUPPLIES

### *Terms of Sale*

10. Mr. TONKIN: When he was speaking last Thursday, the Minister for Industrial Development gave me the impression that the book debts were included in the assets of the State Building Supplies which were purchased by the Hawke Siddeley Group. On page 189 of the *Parliamentary Debates* of Thursday last, the Minister stated—

The remainder of the consideration will come from the book debts which are to be collected by the company at its own expense on behalf of the Government; and the other part of the consideration will be from realisation of the main timber stocks.

I interjected by asking—

Are the book debts included in the £2,200,000?

The Minister replied—

Of course they are! They are part of the assets.

Mr. Court: That is right.

Mr. TONKIN: I notice from the agreement that these are specially excepted. They are not in the list of assets purchased at all. Therefore, it appears, on page 2 of the agreement—

The SPEAKER (Mr. Hearman): What is the question?

Mr. TONKIN: I have to give the Minister the background before I ask the question.

The SPEAKER (Mr. Hearman): Yes; I know; but it has to be brief.

Mr. TONKIN: I will be brief, Mr. Speaker; but the question has to be put clearly. Page 2 of the agreement specifically states—

There are excepted and reserved out of the property agreed to be sold the debts due to the vendor.

Can the Minister tell me whether the book debts were purchased by the company; and if they were not, how can they be included in the reported purchase price of £2,200,000?

Mr. COURT: I am afraid the honourable member is endeavouring to be pedantic, but I think I have explained the position clearly to the House. The book debts are one of the assets of the State Building Supplies, and whether the proceeds from them are collected by the company or by the Government, so long as they eventually finish up with the Government it is all part of the realisation of the assets. So it does not matter how the honourable member tries to twist the words I have uttered; they are still the cold and simple facts.

Mr. Tonkin: Well, what was the purchase price?

Mr. COURT: I have never said that the purchase price was £2,200,000 at any time. I said that what the Government anticipates realising from the assets is approximately £2,200,000, and upon that I rest.

11. Mr. TONKIN asked the Minister for Industrial Development:

In the circumstances, I think the following is a fair question to direct to the Minister:—

What is the estimated purchase price to the purchaser for the assets which were purchased by the company?

By way of explanation, I would say that, according to the agreement, the book debts were not part of the assets purchased, but that they were excepted. I want to know—and surely the Government has made some inquiry into this—

What is the total estimated purchase price the purchaser will be called upon to pay for the assets bought?

Mr. COURT replied:

I am afraid the honourable member is playing with words.

Mr. Tonkin: What rot!

Mr. COURT: I suggest that if he cannot understand the agreement—

Mr. Tonkin: I can understand it all right!

Mr. COURT: —and he has to seek this clarification, he should place his question on the notice paper.

## MOOLA BULLA CATTLE STATION

### *Details of Sale, and Appointment of Royal Commission*

12. Mr. GRAYDEN asked the Minister for Lands:

Is he aware—

- (1) That when Moola Bulla Station was sold to Mr. Goldman there were 15,000 head of beef shorthorns on it, according to the books of the department, and that at the ruling price of £21 a head the value was £315,000?
- (2) That, two years prior to the sale, 14,122 head of beef shorthorns were written off without even a bagtail muster; or any attempt to establish that that number had perished?
- (3) That the value of the cattle written off was £296,562?
- (4) That when Mr. Goldman bought the station he promptly sold thousands of cattle, the station building and the equipment, and yet when he sold the property two years later for £150,000 to Mr. Stein, the latter was able to brand 24,000 head of young stock in a few months, the estimated value of which was £504,000?

(5) Is the Minister further aware that Mr. Goldman only yesterday said that there were 70,000 head of cattle on the station worth in excess of £1,000,000? In view of this, will the Minister give serious consideration to appointing a Royal Commission to inquire into this scandalous transaction perpetrated by the Labor Party?

Mr. BOVELL replied:

- (1) to (5) There are several volumes of files dealing with the sale of Moola Bulla Station. All the transactions referred to by the member for South Perth, however, occurred before I became Minister for Lands. Accordingly, I have not the full details in my mind.



However, in response to a request from the member for Mt. Lawley I have already undertaken to table the files in question tomorrow, when the information will be available to members generally. I can only say that consideration will be given to the suggestion by the member for South Perth that a Royal Commission be appointed.

Mr. Hawke: A very statesmanlike declaration.

[The Acting Speaker (Mr. Crommelin) took the Chair.]

## ADDRESS-IN-REPLY: FIFTH DAY

### *Amendment to Motion*

Debate resumed from the 15th August, on the following motion by Mr. Craig:—

That the following Address be presented to His Excellency the Lieutenant-Governor and Administrator in reply to the Speech he has been pleased to deliver to Parliament:—

May it please Your Excellency: We, the members of the Legislative Assembly of the State of Western Australia in Parliament assembled, beg to express loyalty to our Most Gracious Sovereign, and to thank Your Excellency for the Speech you have been pleased to address to Parliament.

To which Mr. Tonkin had moved the following amendment:—

the Liberal Party, or the Country Party they all feel they are most dreadfully confused regarding the sale of the State Building Supplies; they do not know whether the concern has been given away or whether it has been sold too cheaply.

If the Government has nothing to hide I see no reason why it should not appoint a Royal Commission. There is no reason at all why the Government should not hold an inquest into the position, to show exactly where it stands in the matter. As it stands at the moment it is a reflection and a real stigma on the actions of the Government of the day; and, it will continue to be so, unless the whole matter is thoroughly investigated and cleared up.

As I have already said, not only members of the organisation to which I belong but those who belong to other organisations as well, are very concerned about this transaction. I have had talks with the heads of departments—although I will not mention the names of the department—and those with whom I have spoken, and others who have been in business, say that they are most confused, and that they want to know exactly what the position is. They agree with me that the Government's integrity is at stake at the moment.

I do not know of a better method for the Government to adopt to inform the public of the exact position than the appointment of a Royal Commission. I think the Government should accede to the request in the amendment before the House in fact, I am at a loss to understand why the Government did not proceed with the matter right away.

If an accountant has nothing to hide he does not fear the auditor; and that applies in this case. I admit I do not know very much about the whole proposition because I have not gone into it thoroughly but having listened very carefully to what has been said, and as a member of the public, I would like to see a thorough investigation—and clarification—made of the position relative to the sale of the State Building Supplies.

It seems to me that not only did the Government sell the State Building Supplies, but it also gave away the Banksdale mill, which, from all I have read, was a very important mill, with a considerable amount of good timber in its vicinity. I cannot think of any company being given a better bargain than that given to the Hawker Siddleley Group. The total price asked was only £2,200,000.

We all know that the State Building Supplies was more or less a prosperous business; and if we go into the figure right from its inception we will find that they show a profit. There might have been some bad management, but this probably only needed correction. This company has been given a marvellous bargain and I do not think it will cost the company

MR. NULSEN (Eyre) [5.20 p.m.]: I will not have very much to say on this matter, because so much has already been said that anything I might add will only be more or less repetition. However, I would like to say that I fully support the Deputy Leader of the Opposition in his amendment to the motion for the adoption of the Address-in-Reply.

I have listened very carefully to the debate; I have read the reports in the newspaper, and I feel that further clarification is certainly required. I must also say that I am most confused as to the reason why this concern should have been sold so cheaply. There is real justification, in my opinion, for an investigation by a Royal Commission.

The public is entitled to an auditor's report, as it were, of the whole affair. Whether people belong to the Labor Party,

anything at all when one considers the 20 years it has to pay, and the 5 per cent. which is being charged by way of interest.

Mr. Court: If it was such a bargain I wonder why we were not stampeded with people wanting to pay more.

Mr. NULSEN: Money might be a bit scarce.

Mr. Tonkin: You do not even know what you sold it for?

Mr. NULSEN: Had I been in the Minister's position I would, after I had made a very thorough investigation, have placed a limit of some sort on the transaction; though not such a low limit as has been placed on it. The company will really get this for nothing, because it will pay for it out of its profits in the next 20 years. There is no doubt about that. I only wish I could have raised £200,000, because then there would have been no doubt about my putting in an application for its purchase, although I daresay the price would have been a bit more than £2,200,000.

Mr. Tonkin: That is not the purchase price; it was at least £500,000 below that.

Mr. Court: Do not be pedantic! It is a question of what the Government is going to get that matters.

Mr. NULSEN: The Government of the day might have had a mandate to sell the State Building Supplies, but it certainly did not have a mandate to give it away. That is all I can say in regard to that part of it. I want to be fair in every way; but I also want to be fair to the public. If one were to ask the opinion of the men in the street on this matter, one would find that the majority would say that the State Building Supplies was sold far too cheaply. I do not know whether this is right or not, but I have heard that the amount for which the Government has insured it, on a short term basis, exceeds the price it is getting for the State Building Supplies.

Mr. Court: That is not unusual.

Mr. NULSEN: I have here a paragraph that appeared in this morning's paper. It is a letter written to the Editor of *The West Australian* and reads as follows:—

*Politics And The S.B.S.*

ALASTAIR I. M. RAE, Peppermint Grove: Your editorial on the sale of the State Building Supplies was inconsistent. You said that it was absurd to allege that the Government would wish to sacrifice West Australian interests for the sake of "overseas capitalists," but you then admitted that the intrusion of Sir Halford Reddish into local politics had been "injudicious."

The facts of the case appear to be that the Government has sold a more or less prospering industry to an overseas company at a price below its market value on terms which seem

extremely generous to say the least. Where could a private individual obtain goods on credit terms paying only 5 per cent. interest and with payments deferred for three years?

Whether your allegation concerning the Labor Party's relations with the S.P. bookmakers can be substantiated or not, it is a red herring as far as this case is concerned.

Since arriving in W.A. 18 months ago, I have become increasingly dismayed at the apparent lack of morality in political circles. The fact that a Government had to be made to fulfil its legal and moral obligations by a court decision, and now this present issue where there must be at least a strong suspicion that all is not what it ought to be, is hardly a good advertisement for responsible democratic government in this State.

Although the person who wrote the letter has been in this State for only 18 months, I think that what has been said in regard to the sale of State Building Supplies represents public opinion.

I wonder whether any other person, organisation, or company could have obtained the same terms as are in this contract? I am not happy about the situation at all, but I would be if the Government allowed the transaction to be investigated by a Royal Commission. If the Government has nothing to hide I do not see any reason why it should refuse to appoint a Royal Commission as I cannot think of a better way in which to have the facts examined. A Royal Commission is quite impartial, and its report would give a fair account of the position generally.

I was pleased that the member for Mt. Hawthorn readily welcomed a Royal Commission to inquire into the sale of the cattle station known as Moola Bulla. If members on this side of the House are ready to welcome a Royal Commission, I do not see any reason why that should not be the attitude of members on the other side of the House. Seemingly, we have nothing to hide and it was a fair deal. Mistakes may have been made, but we all make mistakes. However, when we do, there is no reason why they should not be investigated in order to satisfy public opinion.

The State Building Supplies are to be sold very cheaply indeed. Therefore the Government should have a real sense of responsibility and clarify the position so far as the general public is concerned. I know that I should like to find out the exact position. I feel sure that in 10 years' time this company will have made a lot of money—more money than it has paid for the concern. It is almost getting the State Building Supplies for nothing. It is paying a small deposit of £200,000, with the exception of £500,000 to be spent within a limited time. However, that money will increase

the company's equity, so it has nothing to do with the buying of the State Building Supplies.

Mr. Court: I suppose everyone would want them to succeed in the venture in the interests of the employees.

Mr. NULSEN: I address this question to the Minister: Can he give me any real reason why he will not agree to the appointment of a Royal Commission? Is it because of the cost, or—

Mr. Court: It is completely unnecessary.

Mr. NULSEN: —has the Government something to hide?

Mr. Court: The Government has nothing to hide. The Government has handled this in a fair and open manner. The world had its chance to negotiate, without anything going on behind the scenes.

Mr. Tonkin: But the world has not been told all about it.

Mr. NULSEN: Why does not the Minister agree to appoint a Royal Commission?

Mr. Court: It would be just a complete and utter waste of time.

Mr. NULSEN: I do not agree.

Mr. Court: So much humbug.

Mr. Hawke: The Minister is afraid of what a Royal Commission would uncover.

Mr. Wild: Here he goes!

Mr. NULSEN: I feel unhappy about the matter and would like to see it clarified, not only for my sake, or for the sake of Parliament, but for the sake of the integrity of members of Parliament. We should show a high standard in this regard and satisfy public opinion by appointing a Royal Commission.

MR. MAY (Collie) [5.35 p.m.]: I support the amendment, and in doing so it is not my intention to cover the points raised by any of the previous speakers in connection with this matter. I have several angles of my own on which I intend to speak, and I shall content myself with those.

In the first place I would point out that the attitude of this Government to State trading concerns is somewhat different from the attitude of the McLarty-Watts Government during the years 1947 to 1953, even though it was the policy of the Liberal Party in 1947 to sell State trading concerns. Its policy was just the same then as it is now. As a matter of fact, the McLarty-Watts Government, during its term of office, increased the number of State trading concerns in spite of Liberal Party policy, and everybody was quite happy about it. The McLarty-Watts Government did not go into the ramifications of selling this and selling that—it got on with the job of government. Liberal Party policy in those days was just the same as it is now; it has not been

altered in respect of State trading concerns. Therefore, why is the present Government so anxious to get rid of these concerns?

I think I know why. During the term of the McLarty-Watts Government, the present Minister for Industrial Development was not a member of the Cabinet and the policy of that Government did not suit the little boys in St. George's Terrace. Those boys regarded the McLarty-Watts Government as having let them down. However, subsequently a new member for Nedlands came into this House.

Mr. Wild: The best thing that ever happened to Parliament, too.

Mr. MAY: That is something which has to be proved.

Mr. Wild: It is proved now.

Mr. MAY: The St. George's Terrace people said, "Now we have the right man. We have a man with a killer instinct."

Mr. Roberts: That is what is needed in some of these socialistic enterprises.

Mr. MAY: In regard to State trading concerns, these people felt they now had the man who would do what the McLarty-Watts Government would not do. I think you will agree, Mr. Acting Speaker, that I put my finger on the nigger in the woodpile.

Mr. Roberts: Are you insinuating somebody is telling us what to do?

Mr. Hawke: The member for gags!

[The Speaker (Mr. Hearman) resumed the Chair.]

Mr. MAY: Anybody who makes a noise like that, Mr. Speaker, should be put outside.

Mr. Wild: Are you listening to the sound of your own voice?

Mr. MAY: I am not referring to my voice at all. Perhaps I was referring to the voice of the Minister. The boys in the Terrace said, "We have the right man with the killer instinct, and we can now put the pressure on and he will certainly respond."

Mr. Rowberry: He has the killer instinct.

Mr. MAY: I know he has; and to that end he is doing exactly what has been planned for him by big business of this State. After all is said and done, even if the State Building Supplies did show a deficit, that concern served a very useful purpose. I think the Minister himself said that the private sawmillers in this State were selling at the same price as the State Building Supplies. They had to. They could not go above the price of the State Building Supplies. That was the secret of the success of the State Building Supplies.

This is only my opinion; but I think the present Minister for Industrial Development has developed a plan whereby he is going to try to smash the big unions in this State.

Mr. Roberts: Superman!

Mr. Mann: No, no, no!

Mr. MAY: The member for Avon Valley has a lot to learn.

Mr. Hawke: He is leaving us soon.

Mr. MAY: What I want to say is this: Having taken on the Public Works Department day-labour force, the Colliie miners, and the timber workers, why does he not have a go at the W.W.F.? Let him take on that union and see how he gets on.

Mr. Court: You want me to, do you?

Mr. MAY: Try that one. See about the killer instinct there.

Mr. Court: You speak with some feeling.

Mr. MAY: The Minister took on the small unions first; but I would be happy to see him start on the W.W.F. in order to see to what extent he could smash that union.

Mr. Roberts: Do you think the next secretary will be an A.L.P. member?

Mr. MAY: If the Minister thinks he has squashed the Colliie miners, he is making a big mistake.

Mr. I. W. Manning: I can see the honourable member is a supporter of the W.W.F.

Mr. MAY: The member for Harvey can see nothing at all; he is half asleep. In regard to what is being done, every dog has his day; and there will be a day of reckoning as a result of the Government's disturbing the set-up of these unions. The Minister should tackle the W.W.F. in this State. I know what you are going to say, Mr. Speaker.

The SPEAKER (Mr. Hearman): Deal with the amendment.

Mr. MAY: I want to know from the Minister for Industrial Development what concern he is next going to tackle. Will it be the Rural and Industries Bank? Will it be the State Government Insurance Office? Will it be the Public Trustee, or the State railways?

The SPEAKER (Mr. Hearman): What the honourable member is saying is not related to the amendment at all.

Mr. MAY: I am anticipating that will happen.

The SPEAKER (Mr. Hearman): The amendment does not provide for that. The honourable member will have to confine himself to the amendment before the Chair.

Mr. MAY: If the Government agrees to a Royal Commission to inquire into the sale of the State Building Supplies, what

I have just said will not come about. Nothing else will matter. That is perfectly true, Mr. Speaker; and I agree with you. The Minister has had a challenge; why not accept it, whether there is anything to divulge or not? If there is nothing to divulge, it will not take a Royal Commission five minutes to prove that the Government has done the right and proper thing.

Mr. Court: It is a waste of time.

Mr. MAY: I would like the Minister to waste as much time over some other things. After what has been said by the Opposition of this Parliament, I think a Royal Commission is justified to satisfy public opinion of this State. I think the least thing the Government can do is to agree to the appointment of this Royal Commission. I do not know what the members sitting behind the Government think about this.

Mr. Hawke: They don't.

Mr. MAY: I know what the public of this State is thinking, and it is not very complimentary to the present Government.

Mr. Bovell: Don't you believe it.

Mr. MAY: I do not want to go into all the sordid details that could be revealed by a Royal Commission.

Mr. Wild: Don't talk yourself into that one.

Mr. MAY: I think that is the reason why the Government is not prepared to appoint a Royal Commission. I can see no other reason for it. If I were a Minister in the Government of this State and the people were saying things against me as Minister and saying things against the Government, I would welcome a Royal Commission. I would not sit there like a dummy and say it is not necessary, or that it is a waste of time.

Mr. Roberts: The public would say it was a waste of public money to hold a Royal Commission.

Mr. MAY: If the member for Bunbury has anything to say, why does he not get on his feet and say it?

Mr. Roberts: I have not yet had an opportunity.

Mr. MAY: Then he will get the opportunity, because I am going to sit down in a very few minutes. I would say once again that, surely, after all that has been said and all that has been alleged in connection with this matter, the Government should agree to the appointment of a Royal Commission; and I will support the amendment to the Address-in-Reply.

MR. CURRAN (South Fremantle) [5.46 p.m.]: I support the amendment moved by the Deputy Leader of the Opposition because I feel it is the only course the Government can take in this matter. In

my opinion, this is not only a sell-out, but it could be described more aptly as a "steal." When the Premier was asked a question in respect of the sale of the State Building Supplies, he said it would create more competition and consequently would stimulate private enterprise. I think everyone is aware that private enterprise as we know it, and competition between private enterprise as we know it, has been gone for many many years.

The order of the day is amalgamation and merger and eventual monopoly; and the writing is on the wall with the sale of the State Building Supplies. With the association of Sir Halford Reddish, there will be complete control of building materials in Western Australia. It is logical to assume that any existing enterprise in the same class of industry as Bunnings will be, within a matter of a very few short years, absorbed into this building combine which is being established by the machinations of the present Government.

I am only a new member, and I cannot understand who the Country Party is supposed to represent in this Chamber.

Mr. Craig: Why don't you join it and find out?

Mr. CURRAN: In reply to the member for Toodyay, if I joined the Country Party I would be in exactly the same position as he is, namely, a mere appendage of the Liberal Party. The Country Party seems to have no concern whatever for the farming communities which it is supposed to represent. To draw an illustration, its attitude on the sale of the State Building Supplies is parallel to the attitude of the Country Party when it voted for increased railway freights which it knew would become a burden on the very people it represents in this House.

Mr. Kelly: Supposed to represent.

Mr. CURRAN: I am corrected by the member for Merredin-Yilgarn. It is obvious that even after supporting the freight rate increases—

The SPEAKER (Mr. Hearman): The honourable member must get back on to the amendment.

Mr. CURRAN: I have to draw an illustration in order to put my point before the House. The sale of the State Building Supplies is on a par with the increase in railway freights because of the impending increase in prices for building materials, fencing, and so on, which are the very life-blood of the farming communities.

Replying to a question, the Minister for Industrial Development made the statement that the workers were quite happy with the change-over from the State Building Supplies to Hawker Siddeley. How he got that impression is beyond

me, because never at any time has the Minister attempted to find out the workers' point of view in regard to this matter. On the other hand, members on this side of the House have discussed the situation freely with the workers in that particular establishment and know what their feelings are. The Minister was not prepared to go to Banksiadale, or to any of the other places that were being sold with the State Building Supplies, in order to find out the workers' point of view.

A situation exists at Banksiadale, in particular, where the workers are very, very concerned about what is going to happen to the homes they have built with their own hands in their spare time. Their homes have been built on land that has been sold with the State Building Supplies. No guarantee whatsoever has been given to these workers as to what is to happen to their homes. I feel the Minister should at least have shown a little concern for the welfare of the people who are being sold with this particular firm, in order to ascertain whether those men will be properly looked after, and to make sure that they will not be victimised in any way by the transfer of the State Building Supplies to Hawker Siddeley.

Meetings of workers affected express concern over the future of the men in regard to long-service leave. For some strange reason some retrenchments always run the gauntlet of private enterprise. Where two men were employed, private enterprise makes one man do the work of the two and thus eliminates the other person. I feel men affected by this sale have some right to feel concerned as to the future. The member for Beeloo this evening asked a question of the Minister as to whether it was a fact that 14 men had been dismissed or had received notice of dismissal from the Carlisle timber mill. The member for Beeloo never at any time asks a question unless he has some substance for it.

A Royal Commission into the sale of the State Building Supplies is essential in the interests of the State. Everything could be brought out into the open; and, since the Government has stated that it has nothing to hide in this matter, surely it would welcome the public knowing all the facts in respect to the sale of this great concern. If the Press gave an impartial write-up of the Royal Commission, the public would be aware of the position and would know whether something is wrong or whether the Government has something to hide. I feel that in the interests of the people the Government should accept the amendment. I support the amendment moved for a Royal Commission into the sale of the State Building Supplies.

[The Deputy Speaker (Mr. Roberts) took the Chair.]

**MR. MOIR** (Boulder) [5.55 p.m.]: I support this amendment because I am firmly of the opinion that this transaction is one of the most scandalous that has taken place in the history of Western Australia.

**Mr. Hawke:** The most!

**Mr. MOIR:** I do not say that lightly, but only after consideration of the details that appeared in the Press and the replies by the Minister for Industrial Development to questions asked in this House. I think the agreement should be framed and put in a glass case to show posterity the monumental folly of the Government which occupies the Treasury bench today.

**Mr. Court:** Just words!

**Mr. Hawke:** Put the Minister in a glass case with the agreement!

**Mr. Court:** That is the sort of thing one expects from the Leader of the Opposition.

**Mr. MOIR:** We have here a State asset that has been invaluable over the years to the people of this State. In the Press we have seen statements made by Ministers of this Government implying that this particular concern has cost the State serious losses over the years. But we know that to be untrue, because we have access to the official figures since the inception of this concern. We know there have been reasonable profits over the years. We also know that a large amount of money has been saved; and it would be hard for the various Governments of this State and the people of this State to calculate the amount. We know that great savings have been effected by the operations of this concern.

This concern was started in the first place because of the rapacity of private suppliers of building materials. Anybody who has had experience over the years knows that when private companies were the only suppliers of timber in this State, the people, at different periods, had to pay very dearly for their building supplies. That is why this concern came into being; namely, to curb that propensity, and to act as a brake, and to give both the Government and the people timber and supplies at reasonable prices.

Anybody who has had experience, way back, of the timber industry in this State knows that in times long past there was a very serious state of affairs for employees of private concerns. As a child I was raised on a timber mill in the south-west, and my first impressions were of poverty and hardship which existed amongst the workers employed by these private timber concerns. That is well known to many members in this Chamber—at least, the older members.

Despite that fact, over the years Governments of all political complexions have seen fit to carry on these concerns and even to add to them. Even in the time of the

Watts-McLarty Government the then Minister for Works—who is also the present Minister for Works—built additions to the brickworks—comprising a new brickworks—at a cost of £800,000. It was quite apparent that the Government of the day thought it was very necessary, otherwise it would not have expended so much of the State's money on expanding this concern. Indeed, during the term of Governments of the complexion of the present Government, many additions have been made to these concerns, and much money has been expended in keeping the plant and machinery up to date. But we have a sudden change of front when this Government takes over.

We find that the Government is prepared to get rid of this concern at all costs. It does not matter what loss is suffered; the most important thing so far as the Government is concerned is to get rid of it. One wonders whether the Government has the same attitude towards other State enterprises; or is it that it has this attitude only towards a concern which is paying its way, and running at a profit?

I do not doubt that the Government's philosophy runs along similar lines to a philosophy that I heard expounded many years ago by a person of the same political faith. He maintained that the State should not engage in any profitable undertaking, but that the State should provide facilities in certain directions despite the severe losses that would be encountered. In other words, his view was that it was the function of the State to carry on an enterprise if it were needed and could not be conducted profitably by private enterprise. Conversely a profitable concern should be handed over to private enterprise and should not be run by the State.

Of course we know that Governments all over Australia carry on State enterprises in the interests of the public. In the adjoining State of South Australia, where there is a Government of the same political colour as we have here, State enterprises are conducted. Not only has the Premier of South Australia carried on with State enterprises which have been in existence for years, but he has also started new ones; and that Government has certainly not given any indication that it contemplates disposing of its State-owned assets. I would be absolutely astounded to hear that that Government contemplated disposing of its State enterprises; I do not think it would dream of doing so, and certainly not on the same terms as those on which this Government has disposed of the S.B.S.

You may notice, Mr. Deputy Speaker, that I refrained from using the word "sold" because I do not think this concern has been sold; I consider it has been given away.

Mr. W. Hegney: The State has been sold.

Mr. MOIR: This asset has been given away, and probably the people of the State have been sold in the process. Only a short look at the agreement shows the astounding fact that although it is stated that the purchase price to be paid by the Hawker Siddeley Group is approximately £2,200,000, when we analyse the figures we find that the company is not paying anywhere near that sum. This company has not only been given a State asset at a shockingly low figure, but it has also received some astounding concessions—absolutely astounding concessions—and I am sure, had the present Minister for Industrial Development, in his private capacity, managed his affairs in the same way as he is now managing the affairs of the State, he would have been in the Bankruptcy Court long ago.

Mr. Hawke: And how! And probably been somewhere else as well.

Mr. MOIR: Just let us look at what the figures reveal. We find that the nominal purchase price is £2,200,000, and we have book debts of £500,000 which are not included in the sale. My authority for making that statement is p. 189 of *Hansard* No. 2, where the Minister for Industrial Development said:—

I will come to that. The remainder of the consideration will come from the book debts which are to be collected by the company at its own expense on behalf of the Government;

Mr. Court: That's right.

Mr. MOIR: The Minister went on—and the other part of the consideration will be from a realisation of the main timber stocks.

Mr. Court: That's right.

Mr. MOIR: The member for Melville interjected and said—

Are the book debts included in the £2,200,000?

The Minister continued—

Of course they are! They are part of the assets; but they are being realised at the expense of the company and not of the Government.

Mr. Court: You have answered your own question. There has been no hocus pocus or jiggery pokery, and nothing to play hide-and-seek about.

Mr. Toms: Not much!

Mr. MOIR: They are not part of the purchase price?

Mr. Court: You have only to read your own statement.

Mr. MOIR: It means that the purchase price is now only £1,700,000—

Mr. Court: It is not worded like that in the agreement and you know it.

Mr. MOIR: —plus any expenses incurred in collecting book debts.

Mr. Court: The realisation for the business is made up under several headings, which I have been at great pains to explain both publicly and in this House.

Mr. MOIR: It is not explained in the agreement; the agreement says one thing and the Minister for Industrial Development supported that in his statement the other day. That is the only conclusion one can draw from it.

Mr. Court: A child in the fourth grade would understand that.

Mr. Toms: You are not dealing with a child now.

Mr. MOIR: It does not matter what the Minister says now; that is the position, and it is here in black and white. We also find that the company is to be given extraordinarily lenient terms, and after paying a deposit of £200,000 there is to be no further payment for four years.

Mr. Tonkin: No further payment of principal.

Mr. MOIR: That is so; it pays interest.

Mr. Court: It has to contribute new capital over that period.

Mr. MOIR: The company does pay interest; but what do we find? We find that although there is provision for £5 per cent. to be paid as an interest rate, there is another provision which requires the company to pay only £4 10s. per cent until 1965.

Mr. Tonkin: Until 1966.

Mr. MOIR: Yes; that is so.

Mr. Tonkin: That is five years.

Mr. Court: This was all explained to the House.

Mr. Tonkin: That's a handsome hand-out, that one.

Mr. Court: This is during the period that it has to reorganise the business to make it into a sound concern.

Mr. MOIR: It is a handsome hand-out amounting to slightly more than £100,000 over the period of the agreement. It is a gift to the company over that period.

Mr. Court: It is not a gift at all.

Mr. Tonkin: Yes it is.

Mr. Court: The company is paying interest in excess of what it is costing the Government.

Mr. Tonkin: Where can you borrow money for 4½ per cent?

Mr. Court: It is not costing the Government 4½ per cent., and you know it.

Mr. Tonkin: The Government ought to be getting 5 per cent. at least.

The DEPUTY SPEAKER (Mr. Roberts): Order! Members must maintain order.

Mr. MOIR: The facts as revealed here are really extraordinary. Other speakers have dealt with various aspects of the matter that really make one sick; they are so disturbing. It is terrible to think that we have a Government in power that will do such reprehensible things—"reprehensible" is the word that describes the Government's actions in giving away a property belonging to the people of the State. It is not a property that belongs to the Government; it belongs to the people of the State and the Government is supposed to look after it in the interests of the public; but, of course, it is abundantly clear that the interests of the people do not matter one iota to this Government. It is more concerned with the big people who exist solely for the purpose not of conferring a benefit on the public but making profits—higher profits and more profits. Of course a firm can only make profits through the prices it charges.

Mr. Court: You can make profits by being efficient without putting your prices up.

Mr. MOIR: I will say that, so far as making profits is concerned, some of the companies that are operating in this State and in other States are remarkably efficient. Some of them do not have to be efficient in their methods because there is no ceiling to the price they charge for their products; they can charge whatever they like, and that is what will happen in this State in regard to timber and building supplies in the future.

We know that all sorts of agreements are made behind closed doors. They are not mentioned in the Press, and these companies do not let the public know about them. These arrangements are made between the suppliers of various commodities; we know that it goes on. We know, too, that it goes on in other countries; but in those countries there are laws on the statute books which make it possible to deal severely with people who do that sort of thing. Of course there is no law here to prevent that; therefore the sky is the limit and these people charge what they like for their products. They do not have to be efficient in their methods of manufacture; they can cover up inefficiency by putting a little more on the price of their products.

It is because of the fear I have of what will happen in the future, and the fact that we have a situation here where the Government has deliberately given away, at probably less than half the price, a concern which belongs to the people, and has belonged to it for many years, that I think the appointment of a royal commission is justified. If the State Building Supplies had been a State concern which was consistently losing money, some case might have been put up for what the Government has done. But we know that its recent losses have been caused by a

deliberate policy on the part of the Government to withdraw Government orders from this concern—

Mr. Court: That is not correct.

Mr. MOIR: —and place them somewhere else.

Mr. Court: That is not correct. This show lost money under four years of your Administration.

Mr. MOIR: I said "the latter years," and I meant the years under this Government.

Mr. Court: It lost money under your Administration when it had directive business. It lost a tremendous amount of money.

Mr. MOIR: The overall picture is that this concern has made quite sizeable profits; and when one is looking at a business, as you well know, Mr. Deputy Speaker, one does not look at a bad year, or some other bad period, to gain some idea of the capacity of the business. We all know that at the moment, for all concerns throughout Australia, it is probably one of the worst times we have experienced since the depression in the early 1930's. We know that in New South Wales a large number of timber mills are closing down. We know the same thing is applying in Tasmania and Victoria. The position has been so bad that the sawmillers here made an approach to the Tariff Board to have a tariff placed on imported timber in an effort to assist their industry.

We know, too, that the Minister for Industrial Development supported the millers in this State. So it is abundantly clear that the time of the disposal of the S.B.S. was probably one of the worst times one could pick to dispose of a business of this nature; it was certainly one of the worst periods we have experienced since the early 1930's when the country suffered such a severe depression.

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

*[The Speaker (Mr. Hearman) resumed the Chair.]*

Mr. MOIR: Before the tea suspension, Mr. Speaker, I was talking about the disposal of the State assets. It is a matter of vital concern to all people in the State, and particularly to those who reside in the country. We know that in most years railway finances are behind what they are expected to be and that, from time to time, it is necessary to impose an increase in freights. We also know that since this Government has taken office it has imposed such an increase in freights, which has resulted in approximately £900,000 being added to the railway revenue.

I think it is inescapable that, now that the Railways Department has been deprived of its mill at Banksiadale, the cost of timber to that instrumentality will be considerably higher than it was previously;



and it will get higher as the years go by. The result must inevitably be more increases in fares and freights; and, of course, increases in fares and freights will press most heavily on the country users of the railways. So the repercussion of the disposal of the State Building Supplies is going to be continuously felt in the years to come by those people who use the railways, particularly the country users.

Not only is the general public in this State vitally concerned in this transaction, but the employees of this instrumentality are going to be seriously affected. We all know that a company whose sole concern is the making of profits does not go on producing stock to stockpile, particularly when it is difficult to dispose of stocks; it merely cuts down its operations. Cutting down the operations of the brick-yards and the timber mills which are involved will inevitably mean that large numbers of men will be stood down until such time as the conditions improve, and the company wishes to get back into full production.

The ground has been covered extensively by members on this side of the House, and I do not wish to labour further the points raised. I do think the matters I have mentioned are important and very serious in their relation to the State. It is rather peculiar that members on the other side—with the exception of one or two—have no desire to stand up in their places and say what they think of this transaction. Particularly is that so of the country members: they are very silent on this question. We have had one offering from the other side, from the member for South Perth, who in my opinion endeavoured to draw a red herring across the trail by bringing in the sale of Moola Bulla station. All I have to say in that connection is that had the member for South Perth done less "mooring," we would not have heard so much "bull."

**MR. JAMIESON** (Beeloo) [7.36 p.m.] : I, too, wish to add my few comments to the move to amend the Address-in-Reply by adding certain words which seek the appointment of a Royal Commission. I do so because I feel there is a growing demand in the minds of the people of this State to know what is going on behind the scenes; and the only way to straighten out the problem of whether or not they will be given this information is to submit all the relevant features of the transaction to a Royal Commission.

I draw the attention of the House to a letter which appeared in this morning's issue of *The West Australian* and which indicated rather clearly, I thought, the feeling of a lot of people in the community. This must be of some concern to the Minister for Health who represents people who have arrived in this State since the last election: he must have had some qualms about the matter when he read the letter in question. The letter

was written to the Editor of *The West Australian* by Mr. Alastair I. M. Rae of Peppermint Grove, and reads as follows:—

Your editorial on the sale of the State Building Supplies was inconsistent. You said that it was absurd to allege that the Government would wish to sacrifice West Australian interests for the sake of "overseas capitalists," but you then admitted that the intrusion of Sir Halford Reddish into local politics had been "injudicious."

The facts of the case appear to be that the Government has sold a more or less prospering industry to an overseas company at a price below its market value on terms which seem extremely generous to say the least. Where could a private individual obtain goods on credit terms paying only 5 per cent. interest and with payments deferred for three years?

Whether your allegation concerning the Labor Party's relations with the S.P. bookmakers can be substantiated or not, it is a red herring as far as this case is concerned.

Since arriving in W.A. 18 months ago, I have become increasingly dismayed at the apparent lack of morality in political circles. The fact that a Government had to be made to fulfil its legal and moral obligations by a court decision, and now this present issue where there must be at least a strong suspicion that all is not what it ought to be is hardly a good advertisement for responsible democratic government in this State.

**Mr. O'Neil**: A pity they were not here a few years ago.

**Mr. JAMIESON**: It is a pity the writer was not here a few years ago. If there had been a few more like him in the State at that time, the Treasury bench might not be filled by the present holders.

I thought that the days of the English exploiters having control of this State had long since passed, but I was wrong. Had companies like Canning Mills and others not exploited the forests of this State in the early days we would have a considerable quantity of timber for the permanent use of this State; instead, our forests have been ravaged by the exploiters. Although the Hawker Siddeley Group will be under the control of forestry officers in the cutting down of timber, I do not consider that, in exploiting the wealth of this State, it will be any less severe than those who came before it.

**Mr. Court**: Why do you not give some nicer thought to these people?

**Mr. JAMIESON**: I shall give some nicer thoughts about the Minister during the Address-in-Reply debate.

**Mr. Court**: We can expect that from you.

Mr. JAMIESON: This group is closely associated with the Minister's esteemed friend, Sir Halford Reddish. This is one of the weaknesses of the sale of the State Building Supplies, and the same will occur as occurred in the cement industry after this gentleman had established the Cockburn Cement Company. I would not blame earlier speakers in this debate for thinking that the price of timber would rise eventually. Having experience of what occurred in the cement industry, I say that the price of timber will increase as time passes. The time will come when the other timber milling firms in this State will be obliged—as the Swan Portland Cement Company was obliged—to toe the line and do what this new concern wants them to do.

Mr. Court: You are underestimating the local timber industry.

Mr. JAMIESON: I might have underestimated some people in my lifetime, and one is the person directly concerned with the cement industry in this State. We did underestimate this gentleman who was involved in the swallowing-up of the cement industry. That explains why we in this State are paying a higher price for cement than the people of any other State, and the Minister for Industrial Development does nothing about the matter. If he genuinely wants to encourage industrial development he should take steps to bring the price of cement down to a fair and reasonable level.

In time this State will face the same problem, as the cement industry faced, in regard to the supply of building materials which are being manufactured and handled by this new concern. The same methods of operation can be expected of it. For the time being there will be a reduction in the price of these commodities, to force the competitors out of the trade. Once that has been achieved, the same steps will be taken by this company, as were taken in the cement industry, and the cost of building materials will rise. We will derive very little advantage from giving away the State Building Supplies.

I heard an interjection when the Minister was speaking last night that the manager of the State Building Supplies was involved in collusive tendering. The Minister said it was a shocking indictment against that gentleman. Whether or not it is I want to draw his attention to the report of the Royal Commissioner relating to the calling of tenders and the level tendering of members of the Associated Sawmillers for the supply of sleepers.

The report lists a considerable number of tenders at £22 18s. 3d. a load, as well as the higher tender of the State Building Supplies. Obviously, from a reading of the report, that was done for a very good reason, because when the contract for supply was not let by the Railways Department to one of the members of the

Associated Sawmillers, Mr. Gregson then offered to supply railway sleepers to the department at £22 10s. per load—which was less than the price tendered by the Associated Sawmillers. The Royal Commissioner referred to the letter from the State Building Supplies, one passage of which read as follows:—

The offer as above represents a reduction of 2½ per cent on our tendered price of £23 1s. 6d. which would eliminate any margin on our own production but, as stated, we would expect to pick up a little on outside purchases and can reasonably anticipate ability to make such purchases on the circumstances which have developed.

Further conclusions of the Royal Commissioner are interesting. They show that this gentleman was, at the time, prepared to enter into collusive tendering with the other sawmilling concerns.

Mr. Court: The tender was subject to your Minister.

Mr. JAMIESON: The Minister has always said with great joy that the manager was beyond the direct control of the Minister in charge. He said the manager was free and untrammelled in his management of the instrumentality.

Mr. Court: I have allowed him freedom to trade as a trader, but he is still subject to ministerial control. The Minister of the day cannot walk out of this matter in this fashion.

Mr. JAMIESON: The Minister is now saying something he was not prepared to say before. He now says that he is controlling the general manager and ordering the general manager to do as he is directed. Which way does the Minister want us to think? Did he, or did he not, direct the general manager to make that under-taking look as bad as possible, so that the Minister could dispose of it cheaply? That is the point.

Mr. Court: You have a poisoned mind.

Mr. JAMIESON: On page 18 the Royal Commissioner states further in his report as follows:—

Further points arise for consideration out of this offer—

- (1) If the State Building Supplies can buy in and sell at a profit, at £22 10s. per load, why could not the Association, which controlled the supply, have done the same?
- (2) The W.A.G.R. which has been purchasing over 500,000 sleepers a year, should not have to buy its sleepers from the industry at less advantageous terms than another

State entity, the State Building Supplies. In other words, if the State Building Supplies can purchase direct from small millers, the W.A.G.R. should be able to do the same.

Because of the collusive tendering at the time, the W.A.G.R. was not able to obtain a fair and reasonable tender for the purchase of these sleepers.

In this agreement covering the sale of State Building Supplies to the Hawker Siddeley Group it appears that the Railways Department will be obliged to pay into the coffers of this group an amount of nearly £200,000 a year for 9,000 loads of sawn timber—whether the sawn timber be sleepers or any other type. On the average that department is expected to take 9,000 loads a year. This will represent a big wad of finance—a guaranteed amount—going to this group. The income from this source would enable the concern to pay its commitments to the Government.

Mr. Court: It has to get value for its production. The company has to pay royalties.

Mr. JAMIESON: It also has to pay wages. We know all about that. The point is it will have a guaranteed income from the Railways Department. An assured income of this magnitude will help a lot to establish the undertaking. It will not have to enter the timber industry willy-nilly, not knowing where the sales will come from. I am sure the Country Party and its friends would welcome some form of guaranteed price for primary products. I would say that repayment in that way is too much to expect the Railways Department to bear, without any possibility of getting out of it for quite a number of years.

Mr. Court: We made it a condition. The company did not ask for it. We said the company should guarantee to supply the railways.

Mr. JAMIESON: That makes it even worse.

Mr. Court: Nothing of the sort! The unions wanted to know where the railways were going to get their timber from.

Mr. JAMIESON: I am concerned about the guarantee given by this firm to the employees as regards their future. By interjection the other night the Minister had something to say about the agreement being willingly signed by the representatives of the men concerned, inasmuch as Mr. Chamberlain signed it on behalf of the T.U.I.C. I am referring to the conditions that were put forward.

Mr. Court: That is right.

Mr. JAMIESON: I told the Minister at the time that the agreement was signed under duress. He said, "Not at all." I tell the Minister very clearly, here and now, that it was.

Mr. Court: What duress?

Mr. JAMIESON: It was signed under duress. What was signed for was all they could get. Had it been rejected, the men would have had to go on their merry way. They had Hobson's choice.

Mr. Court: There was no force used. It was all done in a very friendly atmosphere.

Mr. JAMIESON: On the 17th July, Mr. Chamberlain, as secretary to the W.A. Trades Union Industrial Council wrote the following letter to the Minister for Labour (Mr. Perkins):—

Re: Agreement State Building Supplies Takeover.

This is to confirm a telephone conversation with the Secretary for Labour, Mr. C. Reeves, that as the Government will not agree to the following appearing in the Agreement which is currently being drawn up to cover certain features of employees' service with State Building Supplies who are being taken over by the purchaser, that it be stated in correspondence to the Government.

This is the one to which the Government would not agree. To continue—

Proposed clause 7(b):

"This Agreement, however, is solely directed towards securing the best possible conditions for S.B.S. employees who have no alternative but to enter the employment of the purchaser, and does not, in any way, carry the union's approval of the Government's action in selling S.B.S. to the Hawker Siddeley group."

Representatives of the unions concerned, in meeting, unanimously resolved that as the Government will not accept the foregoing as part of the Agreement, then it be submitted to the Government in this form.

This was acknowledged by Mr. Perkins in a letter to Mr. Chamberlain on the 21st July. The comments were that the resolution had been noted. I would say there was a fair amount of duress in accepting the terms and conditions as finally agreed to on that occasion.

Mr. Court: That letter was written three days after the contract was signed.

Mr. JAMIESON: The contract was signed on the 14th July; but the contact between the unions and the department had been made long before that and it was only on the condition that the Government was prepared to receive something like this that the contract was signed.

Mr. Court: I have never known Mr. Chamberlain to sign anything he did not want to.

Mr. Hawke: What alternative did he have?

Mr. JAMIESON: He had Hobson's choice.

Mr. Hawke: What alternative did he have?

Mr. Court: They put up their counter proposals.

The SPEAKER (Mr. Hearman): Order!

Mr. Court: They discussed it in a proper rational way.

The SPEAKER (Mr. Hearman): Order!

Mr. Hawke: There was no alternative at all.

Mr. JAMIESON: Today I asked the Minister to give an assurance as to how the company would honour this agreement, which provides that if more than ten men in any one particular area are going to be put off work at any time the company is obliged to advise the Government. The agreement does not say whether the Government will do anything or not; the Government simply has to be advised. Then, of course, the company will, presumably, go ahead and do what it likes. Nine men are to finish up on the 25th at the Hawker Siddeley lot, Carlisle.

Mr. Court: Are you sure of that?

Mr. JAMIESON: Nine men are to finish up and are prepared—

Mr. Court: Are you sure of that?

Mr. JAMIESON: As far as I know it is nine men, but there could be more.

Mr. Hawke: That is how the company would act. It is ten in the agreement.

Mr. Court: Who told you the men had got notice?

Mr. Toms: Wouldn't you like to know?

Mr. JAMIESON: Yes; would not the Minister like to know the names of those who are trying to get somebody to help them? I suggest to the Minister that he make doubly sure that this company will honour the agreement it has signed.

Mr. Court: You be fair and be sure of what you are saying before bandying this around.

Mr. JAMIESON: The Minister should be fair and should find out whether the company will honour its agreement.

Mr. Court: The company will honour it.

Mr. Hawke: The company reports only when it puts off ten.

Mr. Court: There are more men there today than there were at the 30th June. That must amaze members opposite.

Mr. JAMIESON: Apart from B.H.P., which is something of an Australian firm, the people are concerned about the lack of local capital tied up in the firm that is coming here at the behest of the present Minister for Industrial Development. That is something which concerns me in connection with the sale of the State Building Supplies to this English firm which, I feel, is only prepared to exploit the workers in this State. This sort of firm should not be encouraged.

I would like to draw the attention of the Minister to the fact that the provisions in the contract are only for one year. I refer to the protective provisions in regard to the employees of the company. Is the Minister going to tell me that the people in the fully developed areas who have made their homes at those places and have lived there for a long while mean nothing to this State when it comes to pounds, shillings and pence? I know he said the other night that one did not sell workers as so much goods; but surely their welfare is worth something to the State when assessing the value of the State Building Supplies. The welfare of these people will be the cause of a lot of problems in the future unless some guarantee is given to them that they will be able to maintain their present employment in the localities where they live; but to my mind, there is insufficient guarantee associated with this agreement.

I also feel I should draw the attention of the Minister to the fact that a section of the agreement allows the company to use the word "State" in its dealings. This is something which the Minister will have to get over whether he likes it or not. I draw attention to the Business Names Act, Part III of which is headed, "Use of certain words in the names, etc.; of firms, etc." Section 24 (1) of that Act reads as follows:—

Notwithstanding anything in any Act, no firm, individual, or corporation required to register under Part II of this Act shall use a business name, and no business name shall be registered which includes the word "Royal," or the word "King," or the word "Queen," or the word "Crown," or the word "Empire," or the word "Imperial," or the word "Commonwealth," or the word "State," or any word which, in the opinion of the Registrar, suggests, or is calculated to suggest, the patronage of His Majesty or any member of the Royal Family or Government support or patronage, unless the Governor by order published in the *Government Gazette* consents to the use of such word in the said business name:

Subsection (2) of section 24 is as follows:—

(2) The consent of the Governor, as provided for in subsection (1) of this section shall not be granted in any case, if in the opinion of the Governor the use of any word mentioned in the said subsection in a business name by the firm, individual, or corporation using or proposing to use the same would imply or be likely to convey the impression that such firm, individual, or corporation is or will be wholly or partly authorised or supported by or connected with His Majesty's Government in any part of His Majesty's Dominions.

I would say that if this firm is allowed to use the word "State" the public is going to be misled.

The SPEAKER (Mr. Hearman): Order! I do not think that this relates to the amendment.

Mr. JAMIESON: I feel that the amendment is tied up with the agreement, Mr. Speaker, and to that end one must deal with all matters associated with it. A full examination of the agreement must be warranted at the time when a Royal Commission is conducted into this matter. If the Government on this occasion does not agree to the appointment of a Royal Commission into the sale of the State Building Supplies, then if the Labor Party is returned to the Treasury bench next year it will see that a Royal Commission is conducted in retrospect, and we will show to the people exactly how much the present Government has fleeced the public under the liberal conditions extended to this firm.

*Amendment on the Amendment.*

With that in mind, I move—

That the amendment be amended by adding the following words:—

especially the significance of the details of such transaction as revealed in the copies of the agreements laid before this House.

MR. HAWKE (Northam—Leader of the Opposition) [8.4 p.m.]: I support the amendment moved by the member for Beeloo to the amendment already before the House. I think that probably most members in the House—certainly all on this side—have been very much surprised to find that even the Minister is not able to tell us what is the actual purchase price to be paid by the company for the State Building Supplies and the Banksiadale railway mill.

Mr. COURT: That is not correct. I set it out in simple detail on Thursday afternoon.

Mr. HAWKE: Yes. We have had a lot of experience of the simple detail which the Minister puts forward in this House from time to time, not only in connection with this matter but in connection with every controversial matter which comes here. Whenever the Minister is handling a controversial issue in the House, he is most smooth and simple, but never is able to satisfy the main points of argument put forward against the proposition which he is sponsoring.

The people of this State, from Press statements which have been made in recent weeks in connection with the sale of these public-owned assets, have gathered the impression that the assets were sold to the company for approximately £2,200,000. That was certainly the impression I gained. It is true that the Minister said on one or two occasions publicly that this would not be the exact amount; that there would

have to be some adjustments. However, broadly that was the figure which received a lot of publicity and that was the figure—£2,200,000—which I think has been accepted by those members of the public who have tried to understand the situation.

Now, in reply to arguments put forward in this House by members on this side of the Chamber, by way of interjection by the Minister we have been sort of led into dark places. Even this afternoon when the Deputy Leader of the Opposition requested the Minister to tell us the amount of the purchase price, the Minister tried to give one of those so-called simple explanations of his; and finally, knowing he was not satisfying anyone in the House—not even members on his own side—he asked the Deputy Leader of the Opposition to put the question on the notice paper.

Mr. COURT: You know the Deputy Leader of the Opposition was only—

Mr. HAWKE: Surely this is an extraordinary situation. The agreement between the Government and the company for the sale of these assets was signed weeks ago; yet, today—weeks afterwards—when the Minister concerned was asked to tell the House what the real purchase price is, he told the member who put that question to him to place it on the notice paper.

From what we have been able to gather by extracting information from the Minister by putting pressure on him—the pressure of argument—it would seem that the State ultimately will receive far less than £2,200,000 for these concerns.

Mr. COURT: What makes you say that?

Mr. HAWKE: It appears to me from what I have been able to work out that the State will more likely receive about £1,700,000 or £1,800,000.

Mr. COURT: How do you arrive at that?

Mr. HAWKE: I arrive at it because under the agreement the only set amount to be paid to the Government is £1,000,000; and any additional amounts are to be worked out on the basis of certain happenings which take place subsequently.

Mr. COURT: That is right.

Mr. HAWKE: We have been astonished on this side of the House to learn from the Minister that such things as book debts, stocks on hand, and so on are, as it were, in the melting pot and one or other of them will be included in what will be later called the purchase price. I said, on the Address-in-Reply debate when dealing with this whole transaction, that it was my firm opinion that a sale price figure of £2,700,000 was a figure very far below the price at which the concern should have been sold; and I offered the view that double £2,200,000 would not, by any stretch of the imagination, have been too much for any company to pay for these great State-owned assets—and I am

still very strongly of that opinion; indeed, more strongly of that opinion in view of the information that has been extracted from the Minister in relation to book debts and stocks on hand.

The Minister had to give information here this afternoon about the cost to the State of establishing the large-scale modern brickworks at Armadale a few years ago; and I noticed that he was very careful, when giving us the major figure, to say "seven two nine, one four nine pounds." I take it for granted that he meant to say £729,149.

Mr. Court: Well, that is so. What is worrying the Leader of the Opposition about it?

Mr. HAWKE: I am pointing out that the Minister gave us the figure—and I quote his words—"seven two nine, one four nine pounds."

Mr. Court: The Leader of the Opposition has just got a suspicious, warped mind. He has the correct figures.

Mr. HAWKE: I am quoting what the Minister actually said; and anybody listening to him who did not know the details of the situation would not have known what it was all about. I am not saying the Minister deliberately left out the word "thousand."

Mr. Court: The Leader of the Opposition is making a lot of fuss about it.

Mr. HAWKE: But he certainly left it out.

Mr. Roberts: What about checking the way it is to be printed in *Hansard*?

Mr. HAWKE: I am not responsible for that. If the member for Bunbury wishes to take that up with the Chief of the *Hansard* staff, I have no objection. However, I imagine the Minister will make the necessary inclusion when his *Hansard* proof is made available to him.

Mr. Court: It was a written answer to a question.

Mr. HAWKE: If it is in writing, it is remarkable that the Minister left out the word "thousand" when he was reading it. If I entertain one considerable admiration for the Minister it is in his ability to read writing.

Mr. Court: Thank goodness the Leader of the Opposition admires something! That is the only nice thing he has said about me in eight years. I must get that one framed.

Mr. HAWKE: However, the vital point is not that the Minister did not use the word "thousand" when he was reading this document, but that this large-scale, modern, State-owned brickworks, as it was until recently, cost the taxpayers of this State some £800,000 to £900,000 to establish. I would not think they had deteriorated or depreciated a great deal in the meantime, because I am sure they have

been well maintained and that, where necessary, renewals have been made and very strict maintenance carried out.

The Minister today, by interjection, sought to indicate that the large total cost of establishing these brickworks at Armadale was due to the fact that when they were established there was a shortage of labour and a shortage of everything else that was required for their construction. Whilst there might be some merit and logic in what he said, there are many other considerations to be placed on the other scale; and I think those other considerations would outweigh the ones to which the Minister gave voice.

We know that plant and equipment, and all the rest of it, was very much cheaper in those days—cheaper to purchase. We know that labour costs were much lower; and so, consequently, I would think on balance that those works would today, if not worth at least the amount it cost to establish them, not be worth much less. Yet, as far as one is able to work out the situation, they were sold by this Government the other day to this enormously wealthy private company for perhaps £100,000—certainly not more than £200,000. No-one could possibly justify that sort of performance on the part of the Government, because there is no possible legitimate justification for that sort of activity.

I have noticed, in reading through the agreements, that the company does, in addition to the low purchase price—a very low purchase price—get a lot of benefits. It is not called upon to pay any stamp duty; it is guaranteed large-scale orders for timbers of various kinds as required by the Railways Department; it is guaranteed a minimum order for timber sleepers for the Railways Department. I understand that these guaranteed orders will be available from the Railways Department to the company for a period of 10 years.

Mr. Jamieson: With the option of another 10 years.

Mr. HAWKE: I was always led to believe—although I am not saying that I ever believed it—by spokesmen of the Liberal Party that they believed not only in free enterprise, as they call it—and private enterprise as we call it—but also in fair competition between those engaged in any enterprise. Obviously, there is no fair competition in this set-up; because here is one timber company among half a dozen or more large ones which is guaranteed, under this agreement by the Government, for the next 10 years to receive—should it please the company to receive the orders—I think some 9,000 loads in all of timber orders.

Mr. Court: That was done to prevent criticism that the railways were not going to be guaranteed supplies. One cannot win at this game, apparently.

**Mr. HAWKE:** Here is another of the Minister's simple explanations.

**Mr. Court:** Well, it is.

**Mr. HAWKE:** Super-simple, this one; and not likely to mislead anybody, not even the member for South Perth.

**Mr. Court:** If we did not have this in the agreement the Leader of the Opposition would be standing where he is screaming blue murder that we had not protected the railways for timber. That was one of the first questions asked by the railways; namely, would they be protected for timber?

**Mr. HAWKE:** The Minister is quite absurd. Why would we have said that? Does any person outside of the Ministers think that the Railways Department would not have been supplied with its timber requirements if this provision had not been put in this agreement? Surely to goodness there is not a member outside of the Ministers who would reach such a stupid conclusion! Every other member and person around the place would know, beyond any shadow of doubt, that the other timber companies would not only have been willing but also eager to do business; because doing business is their lifeblood, and the more business they do the more income they receive and, presumably, the more profit they make. So I would not have had the slightest doubt or fear about the Railways Department receiving in full its timber requirements; there would not have been any doubt about it at all.

**Mr. Court:** You would have been telling us that as soon as trade got brisk, and they had big export orders, the company would leave the railways unsupplied. I could almost write your speech for you.

**Mr. HAWKE:** I know enough about business undertakings to know how much they value the local customer, especially when the local customer is a very big customer, and a cash customer.

**Mr. Rowberry:** And the best customer.

**Mr. HAWKE:** So the super-simple explanation of the Minister on this point is not likely to convince anyone who gives a moment's serious consideration to the set-up. Therefore I say again, as I said a few moments ago, that this is an additional advantage, and a very special additional trading advantage to this company over and above the great financial advantage gained by it in being able to acquire these assets at about half their real value.

We have heard members on the Government side, especially the Minister, telling us that this was the best offer—this offer from the Hawker Siddeley Group—which the Government received. When we read through the terms of the agreement we know that no-one else was offered those terms.

**Mr. Court:** They all put in their own propositions.

**Mr. HAWKE:** These terms were worked out by negotiation, as they must have been.

**Mr. Court:** And all of them wanted the same terms for payment. They were that close to one another it did not matter in terms of payment.

**Mr. HAWKE:** That might have been so, but it does not affect the argument which I am about to put forward. I say there was no compulsion upon the Government to sell these valuable State assets for a song, even though the offer by the Hawker Siddeley Group might have been a bit better in some respects, or in more respects than was the offer put forward by any other company or group.

Can anyone in this House imagine a worse time to put up anything for sale than during the last 12 months? The Government, by completing the sale of these assets in this period, undoubtedly sacrificed them, mostly voluntarily, and perhaps in part compulsorily, because of the depressed financial and trading conditions which the economic policies of the Commonwealth Government had created all over Australia. We can imagine the situation if some of those most prominently associated with the S.B.S. and the Banksiadale railways mill had themselves wished to combine together for the purpose of making a concrete offer to the Government to buy. Naturally the Government would have required a cash deposit; and with the bank credit squeeze as severe as it was, and still is to a large extent, we know that such a group of persons would have had no hope of getting any consideration from any bank to help them finance any offer which they might have been prepared to make.

The conditions of payment, apart from the conditions of the contract generally, given by the Government to this company, are almost breathtaking when all the circumstances are surveyed. As I understand it, the cash deposit is £200,000. I suppose to most members in this House that is a fortune, but in relation even to the small total purchase price which the company will ultimately pay it is a very small sum; and in relation to the tremendous capitalisation of the Hawker Siddeley Group—over £300,000,000 and a profit of £31,000,000 last year—a cash deposit of £200,000 is chicken-feed, and very poor chicken-feed at that.

Earlier on I was under the impression that the yearly repayments by the company to the Government of the balance of the purchase price, which I apparently foolishly thought would be £1,200,000, were to commence immediately—in other words, that the company would be called upon during the current financial year to pay approximately £100,000 to the Government as the first instalment on the payment of the balance of the purchase price, with interest, of course, being paid

as it will be; and that in each ensuing year for the next 19 or 20 years the company would likewise pay approximately £100,000 a year.

However, on reading the agreement I was almost flabbergasted to find that the company is given a free holiday as it were in regard to the payment of the balance. I understand that the company will not be required to pay any yearly amount, in regard to wiping off the balance of the purchase price, until another three or four years have gone by.

Mr. Court: And in the meantime it has to do something more important than that. It has to invest the £500,000 to expand the business.

Mr. HAWKE: Here is another simple explanation from the Minister.

Mr. Court: That is vital to the workmen—expanding the place.

Mr. HAWKE: I will come to that in a few moments. Allow me to stick to the line of argument which I am developing. So we see that for the next four years the company will not have to pay anything off the purchase price, which means that it has in front of it a period of 24 years. up to say the year 1985, before it will have paid off—

Mr. Court: Twenty-one years.

Mr. HAWKE: Well—21 years.

Mr. Court: Seventeen instalments from when it starts.

Mr. HAWKE: Well—21 years. It will be 1982 before the company will have finally paid back, or paid to the State all the money it will owe to it under the provisions of this agreement.

Mr. Court: In the meantime, we have to put nothing in from loan funds.

Mr. HAWKE: I will come to that, too. I must remember that one because it is fallacious, as I will prove. The Minister tells us that the Government has given the company this holiday of three or four years in regard to annual payments for the balance of the purchase price because the company, under the terms of the agreement, will be called upon to invest some capital in the concerns it has bought; namely, the State Saw Mills and the State Brick Works.

One would almost think that this company was poverty-stricken; that it was battling to raise £100 here and £1,000 there, whereas, as I think the Minister will agree, it is one of the most wealthy companies in the world. Surely the Minister does not want us to believe that the company could not pay an instalment of the balance of the purchase price this financial year, another next financial year, another one the following financial year, and another one the financial year after that.

Mr. Court: This company is not as wealthy as the one to which your Deputy was going to give millions of pounds, not by way of loan, but by way of gift.

Mr. Tonkin: You have gone miles ahead of that.

Mr. Court: Millions which you were going to give away interest-free!

Mr. HAWKE: Let us admit that for the moment. But what has that to do with this situation?

Mr. Court: It has plenty to do with it. We quoted that one last year. It makes the one to which you are now referring pale into insignificance.

Mr. HAWKE: This is another explanation from the Minister who makes it with a conclusive wave of the hand; but as I said to him when he put that matter forward in the House last year, that was an effort by the State to get for Western Australia an entirely new industry.

Mr. Court: An overseas wealthy company!

Mr. HAWKE: An entirely new industry!

Mr. Court: And you are now objecting to this wealthy company coming in!

Mr. HAWKE: The industry to which the Minister is referring is one which the State had no possible chance of obtaining unless the State made a high bid for it. That is proved by the fact that even although the State did bid high for the industry it did not get it.

Mr. Court: You would have been stone-motherless-broke if you had got it.

Mr. HAWKE: The situation we are dealing with tonight is not comparable with that one, because that with which we are dealing now concerns an industry which we already have and which is bound up with Western Australia as a whole. Those State trading concerns have been here for donkeys' years and have been operating successfully during all those years. So it is quite useless for the Minister to put forward this simple explanation in an endeavour to justify himself and his colleagues in the Government for the fact that they have given this company four years' holiday in regard to any annual payments for the balance of the purchase money due.

Mr. Court: You were going to give to this other wealthy company free land of an unlimited acreage.

Mr. HAWKE: I have already said that that transaction would have involved the introduction of a completely new industry for Western Australia; and, indeed, I think it would have been a completely new industry for the whole of Australia. Therefore, in endeavouring to get it, it was necessary for the State to bid extremely high in order that it might have a chance of being successful.



Mr. Court: We did not object to your trying, we just want to point out that you have no objection to a wealthy company coming into the State when you name it; and yet, when we name one, you immediately raise objections.

Mr. HAWKE: I think the Hawker Sidelley Group is a first-class company and it is tremendously efficient. I congratulate the negotiators who represented the company for the tremendous success they have had in their negotiations with the Minister for Industrial Development on the transaction we are now discussing. They were clever fellows! In these negotiations they left the Minister for Industrial Development for dead!

Mr. Court: Do you think so? You ask them!

Mr. HAWKE: I would not have objected to that; but unfortunately the taxpayers of Western Australia have also been left for dead.

Mr. Court: What nonsense!

Mr. HAWKE: That is a fact because the State Saw Mills and the State Brick Works were the property of the people of Western Australia and the taxpayers of the State.

Mr. Court: If the price was so low, why were we not inundated with offers from people who were willing to pay £3,000,000, £4,000,000, and £5,000,000, according to your ideas?

Mr. HAWKE: I dealt with that point a few moments ago, but evidently the Minister was so busy trying to think up more fallacious explanations that he did not hear what I said. I do not think that you, Mr. Speaker, would allow me to indulge in needless repetition because, by your standards, it may become wearisome.

The Minister raised another argument a little while ago. The Minister for Industrial Development is not a dull Minister, Mr. Speaker. Whenever one is tackling him on a particular point or argument he whips in something entirely different and unrelated to what one is talking about, and thereby drags one off the track of the argument with which one is concerned at the moment. The Minister said a few moments ago, in explanation of the Government giving the company millions of pounds worth of assets for thousands of pounds, that the company, out of its own financial resources, will provide as much additional capital as will be required from year to year to keep the assets up to standard, and even to improve them.

I do not argue with that proposition. I have no doubt that it will; it would be very foolish if it did not do that. The Minister then went on to claim that the State would not have to find money from loan funds to do that work now that the Government had sold the concern to a

private company. I agree with that proposition subject to a tremendously important reservation. As I think we all know, the Government, through its various departments, is an extremely big purchaser of timber and of bricks. Clearly, whilst the Government owned brickworks and timber mills, as they have been owned by the State over the last 40 years, it had a very effective method of controlling the prices which Government departments would pay for their requirements of bricks and timber.

A few days after this sale was finalised, the price of timber was increased by 3s. per 100 super ft. The Minister will say that that decision to increase the price of timber was made before the sale was finalised, and that the State Building Supplies was a party to it—

Mr. Court: On the 16th May.

Mr. HAWKE:—which does not prove anything, because the members of the timber combine would know what was developing, in view of the fact that most of them submitted offers for the purchase of the State Building Supplies; and they would know, of course, through various channels which would be available to them, that the Minister was hell-bent on selling the concern at any price. Although the Government will not have to provide loan moneys for the purpose of buying new plant and equipment from time to time for the sawmills and the brickworks, and for the purpose of providing or renewing capital equipment, the Government will, from loan funds, have to pay very large amounts of money more for timber, and for bricks, required for the building of Government schools and Government hospitals, and for other Government buildings and semi-Government buildings. I will offer the view that instead of the Government saving in the long run in relation to expenditure from loan funds as a result of the disposal of this concern to a private company, the Government will lose.

Mr. Court: Plenty of Governments carry on without State trading concerns.

Mr. HAWKE: That is not the argument at all.

Mr. Court: It is relevant.

Mr. HAWKE: Of course they carry on! What alternative have they?

Mr. Court: They have not seen fit to establish these things.

Mr. HAWKE: Are they to cease to have hospitals and schools built because they think the price of timber is too high; or because they think the price of bricks is too high? They have no alternative but to carry on; and they have to pay whatever price is demanded of them by the brick combines or the timber combines.

Mr. Court: They do it because they find it better than running things themselves.

Mr. HAWKE: The Minister for Industrial Development knows he is not telling the whole truth.

Mr. Court: I am telling plenty of it.

Mr. HAWKE: The Minister for Industrial Development knows he is not telling the whole truth, because he was here the other evening when either the member for East Perth or the member for Mt. Hawthorn read from an official South Australian Government document.

Mr. Court: That is only one State. There are plenty of cases in the world where Governments carry on very well without State trading concerns.

Mr. HAWKE: That South Australian Government document told how the Liberal Party Government of South Australia, led by Sir Thomas Playford—who is supposed to be head and shoulders above any other State Liberal Party leader in Australia; though he would not have to be that high to be that far ahead—

Mr. Brand: Ha, ha!

Mr. HAWKE: —had spent huge sums of the taxpayers' money in South Australia to have constructed in the south-eastern portion of that State a new, large-scale, modern timber mill.

Mr. Court: Some of our Liberal Premiers are not bad! Mr. Bolte made a first-class job of cleaning up the Leader and Deputy Leader of the Opposition.

The SPEAKER (Mr. Hearman): Order!

Mr. HAWKE: Seeing you could not very well prevent that interjection, Mr. Speaker, because it was out before you heard it, and knew it was totally irrelevant, I crave a split second to say that the Liberal Party in Victoria at the recent elections did not defeat the Labor Party.

Mr. Brand: Not much they didn't! They slaughtered the Labor Party!

The SPEAKER (Mr. Hearman): The Leader of the Opposition has another five minutes.

Mr. HAWKE: Any political student with any sense at all knows that it was the D.L.P. in Victoria which defeated the Labor Party. The members on the Government front bench know that as well as I do; and no matter how much the Premier mutters in his beard, the fact remains that that is the case.

As I was saying, the Government now—and I am not so much concerned about the Government as such, but with the State and the taxpayers—in Western Australia is absolutely at the mercy of the timber and the brick combines. In fact, it is set down in this agreement that the prices to be paid by the Railways Department for timber will be worked out on the basis

of prices decided from time to time by members of the Timber Merchants' Association—which, of course, is the timber combine.

All they have to do is to put their heads together and say, "This is it! We do not believe in price-fixing; the Government does not believe in price-fixing, but as we have the power as private sawmillers to fix our own prices, we will do just that." And up the prices will go. If the timber combines and the brick combines can do that, they certainly will.

So we will find, without any shadow of a doubt, that the Government will have to lay out considerably more loan funds to have schools, hospitals, and other Government and semi-Government buildings constructed. What it saves in not having to provide loan money to get the sawmills and the brickworks up to date, will be more than off-set, in my judgment, by the much greater expenditure which the Government will incur in the construction of these new public buildings.

MR. TONKIN (Melville—Deputy Leader of the Opposition) [8.46 p.m.]: Now that the agreement has been made available to us the picture emerges as an entirely different one from what we were led to believe. When this sale was first publicised it appeared in *The West Australian* as a £2,000,000 deal.

Mr. Court: That is right.

Mr. TONKIN: Of course it is not a £2,000,000 deal at all.

Mr. Court: What is it?

Mr. TONKIN: We will be able to answer that question if the Minister answers the one I have put on the notice paper for tomorrow.

Mr. Court: You were only being smart this afternoon, so we did what you used to do to us. I learnt that from the member for Mt. Hawthorn.

Mr. TONKIN: When I read the announcement in the newspaper about this £2,000,000 deal, I read a statement from the Premier that the assets, as they appeared in the balance sheet, were overvalued considerably; and they had to be written down by £1,500,000. I have here the balance sheet, and the Auditor-General's report. This is what the Auditor-General says—

I certify that in my opinion this balance sheet is properly drawn up so as to present a true and correct view of the financial position of the State Building Supplies as at the 30th June, 1960, as shown by the books and documents produced.

Mr. Guthrie: "As shown by the books and documents produced." That is the emphasis of it.

Mr. TONKIN: The honourable member thinks so, does he?

Mr. Guthrie: Of course! Every auditor's report has that.

Mr. Court: The auditor take no responsibility for valuations.

Mr. TONKIN: The member for Subiaco ought to know, if he does not, that that means, unless the books have been falsified.

Mr. Guthrie: No. It only shows the valuation in the books and documents produced.

Mr. Court: He is not a valuer.

Mr. TONKIN: I have not said he is a valuer.

Mr. Court: You are implying as much.

Mr. TONKIN: I have said that the auditor gave a certificate that in his view the books present a correct view of the state of the business.

Mr. Guthrie: That is not what you read. You read it again. Do not turn the words around, as you always do.

Mr. TONKIN: I will read it again.

Mr. Hawke: Turn the member for Subiaco around!

Mr. TONKIN: The certificate of the Auditor-General says, "In my opinion . . ."—that is, in the opinion of the Auditor-General; not in the opinion of the member for Subiaco.

Mr. Brand: That is quite unimportant.

Mr. Guthrie: You are in a corner now; get out of it.

Mr. TONKIN: The certificate says, "In my opinion this balance sheet is properly drawn up . . ."

Mr. Brand: I should hope so.

Mr. TONKIN: . . . so as to present a true and correct view of the financial position of the State Building Supplies as at the 30th June, 1960."

Mr. Guthrie: Go on; read on!

Mr. TONKIN: "As shown by the books and documents produced."

Mr. Court: That is the point.

Mr. TONKIN: I hope that you, Mr. Speaker, will show the Minister sufficient indulgence to enable him to explain, as a qualified accountant, why these words, "as shown by the books and documents produced" always, and without exception, appear in the certificate given by every qualified auditor.

Mr. Court: Because he is not a valuer. There are established cases on this point, going back 100 years or more.

Mr. TONKIN: If the auditor's certificate means what the Minister and the member for Subiaco are trying to imply, then the certificate is worthless.

Mr. Guthrie: That is not so. The responsibility is on the directors to revalue an asset, not on the auditor.

Mr. TONKIN: What I want to know is this: Is this certificate worthless, or is it reliable?

Mr. Court: It is a good certificate.

Mr. TONKIN: We do not stop there; because fortunately the Auditor-General made a few comments, one of which is very significant. He is dealing with the valuation of the assets, and this is the criterion of the matter. He has this to say—

The basis of valuation still leaves the stocks conservatively priced and provides a reasonable margin to cover normal contingencies such as rejections, deteriorations, thefts, etc.

That is the expressed opinion of the auditor who has examined the accounts and issued a certificate as to the value of the assets. He says that in his opinion the assets are conservatively priced.

Mr. Guthrie: He did not. He said the stocks were conservatively priced. You read the exact words.

Mr. Court: He will have a different attitude towards the assets this year.

Mr. TONKIN: The value of the stocks appear as £963,797, not far short of £1,000,000. He said they were conservatively priced. We can take it that the value of stocks on hand was, in the opinion of the Auditor-General, £1,000,000.

Now let us look at the fixed assets. A figure of £2,000,000 is shown which, together with £1,000,000 for stocks on hand, adds up to a total of £3,000,000—and this value excludes the value of the Banksiadale mill. Yet the Premier said it was necessary to write down the valuation to a figure of £1,500,000. He should have a talk with the Auditor-General.

Mr. Court: The Auditor-General has seen the independent valuation and concurs in it. I told you that on Thursday, but you skipped over it.

Mr. TONKIN: The Minister has told me many things when it suited him. The Auditor-General is the servant of Parliament; and that was what he told Parliament. That is what I am entitled to rely on, until the Auditor-General tells Parliament that he has made a mistake.

Mr. Court: You also know that the Auditor-General and the general manager have been seeking a revaluation for some years—not to increase the valuation, but to bring it down to a realistic figure.

Mr. TONKIN: So the only part of this transaction which gives any truth to the statement that it is a £2,000,000 deal is that the assets which the company got for a mere bagatelle exceeded £2,000,000.

Let us look at the concessions included in the deal. If a worker were to buy a house from the State Housing Commission he would be charged 5½ per cent. interest on the amount owing. Let us see what

is the interest charged against the company. The interest is 5 per cent. for portion of the period, but  $4\frac{1}{2}$  per cent. for the first five years. Where can anybody obtain money in Western Australia today at a rate of interest like that?

If one goes to an insurance company to raise a loan on one's life insurance policy the interest charged is 6 per cent., and in some cases 7 per cent. When one takes out a life insurance policy one is told by the company that the policy is solid security to enable the holder to get a loan. What better security could there be? But the insurance companies still charge at least 6 per cent. on loans against life policies, and in some cases 7 per cent. However, the rate which the Hawker Siddeley Group was able to obtain under this agreement was 5 per cent. for portion of the time, but  $4\frac{1}{2}$  per cent. for the first five years.

Mr. W. A. Manning: The State Building Supplies contributed at the rate of 1.4 per cent.

Mr. TONKIN: I would not pursue that point too far! A rate of one-half per cent. does not appear to be very much, and one may well ask what the difference is between 5 per cent. and  $4\frac{1}{2}$  per cent. This reduction of one-half per cent. is a straight-out present to the company of more than £100,000.

Mr. Court: It was not a present at all. The company had to take over a liability which the Government had.

Mr. TONKIN: Where can anyone enter into an agreement to purchase on terms similar to these, where the outstanding balance carries interest at only  $4\frac{1}{2}$  per cent.?

Mr. Court: It is very significant—

Mr. TONKIN: It is very significant that this Government charges people buying houses from the State Housing Commission  $5\frac{1}{2}$  per cent. interest. That is what makes the sale of the State Building Supplies significant. This reduction of one-half per cent. will apply for five years to the 30th June, 1966; it will mean a present of £100,000 in hard cash to the company.

Mr. Court: It does not cost the Government anything.

Mr. TONKIN: Why was it done?

Mr. Court: Because no-one who was interested in buying the State Building Supplies was prepared to pay 5 per cent. interest.

Mr. TONKIN: This was not a mortgage's sale or a forced sale. The Government did not have to sell, if nobody was prepared at the present time to pay a fair and reasonable price. The Minister kept on harping the other evening that this sale was in accordance with the Government's undertaking at the last election.

It was nothing of the sort. The Government's undertaking at the last election was to sell at a fair and reasonable price, not to give away assets worth approximately £4,000,000 for about £1,250,000. In order to create a wrong impression in the public mind, the Minister included in the figure book debts which the company is not buying at all.

Mr. Court: It does not have to buy them. The money comes to the Government.

Mr. TONKIN: It should not appear in the purchase price.

Mr. Court: It was not shown as purchase price; it was shown as the realisation on assets.

Mr. TONKIN: Even in this the Minister could not be honest.

Mr. Court: Don't give us that nonsense!

Mr. TONKIN: I will prove it if the Minister will give me an opportunity; because when the member for East Perth said the other evening that the value of these book debts was £500,000, the Minister said "£400,000." The Minister must have known that the book debts were nearer £500,000 than £400,000.

Mr. Court: It was not £500,000.

Mr. TONKIN: It was that close one could not tell the difference.

Mr. Court: I think at the 30th June it was £477,000.

Mr. TONKIN: Knowing that, the Minister said £400,000.

Mr. Court: I never said a specific figure.

Mr. TONKIN: The Minister knew it was £477,000—

Mr. Guthrie: That was at the 30th June, 1960.

Mr. TONKIN: —but the other evening he said it was £400,000.

Mr. J. Hegney: That is right.

Mr. Court: You do not know what it was at the 30th June, 1961, anyhow.

Mr. TONKIN: It is closer £500,000 than £400,000, because business experience last year was that it was more difficult for debtors to meet commitments.

Mr. Court: I am not going to tell you what the figure is to the 30th June, 1961, because I do not know.

Mr. TONKIN: We can assume that the value was closer to £500,000 than £400,000. So there was no need to depreciate these assets in the way the Government attempted to do; nor to include book debts in the figure, something which had nothing whatever to do with the purchase price, but done in order to make it look a lot more money.

Mr. Court: It is something the Government will get from the realisation of the assets. It is as simple as that.

Mr. TONKIN: Not from the purchaser—from the debtors.

Mr. Court: What does it matter?

Mr. TONKIN: It is a book debt and has nothing to do with the sale.

Mr. Court: Of course it has!

Mr. TONKIN: No, it has not!

Mr. Court: Any concern might bid and include the figure for debtors.

Mr. TONKIN: The Minister for Industrial Development keeps saying that the details were given by him the other night when he replied on this matter. I have read his speech three times in order to try to arrive at a conclusion as to what the Government is actually to receive for this sale; and I defy anybody to arrive at the right conclusion from the information which the Minister gave in his speech.

Mr. Court: Page 189.

Mr. TONKIN: It is not there.

Mr. Court: You read it out this afternoon.

Mr. TONKIN: The agreement says definitely that the stocks are expected to be taken over at the value at which they appear in the balance sheet. So the company is prepared to accept that valuation of the stocks.

Mr. Court: Only as a starting-point.

Mr. TONKIN: The member for Subiaco and the Minister want to try to wriggle out of it by saying that the Auditor-General's report is qualified because he mentions books and accounts.

Mr. Guthrie: That is the plain English of it.

Mr. Court: That is what auditors say.

Mr. TONKIN: So far as he can ascertain, and without leaving himself liable to some court action, an auditor ensures that the accounts as presented show the true position, as in the books. If he has any reason to suspect that the books do not show the true position, it is his bounden duty to say so.

Mr. Guthrie: Every auditor knows the books do not.

Mr. Court: You cannot have a revaluation of assets in a company every year.

Mr. TONKIN: Does the Minister support what the member for Subiaco said?

Mr. Court: He is right. He knows the law.

Mr. Guthrie: I know a lot more than the honourable member.

Mr. TONKIN: The member for Subiaco thinks he does.

Mr. Guthrie: I know I do. The honourable member is talking about accountancy now. What next?

Mr. Hawke: The member for Subiaco did no good on the boundaries case.

Mr. TONKIN: So these things stand out crystal-clear: There was no need to write down the value of the assets as they appeared in the books. Indeed, anyone with any commonsense would know that the fixed assets of the State Building Supplies would be worth at least £2,000,000. The Minister for Works, when he was a member of a previous Government, established the brickworks at Armadale.

Mr. Wild: I did not. Those works were started long before I became Minister.

Mr. TONKIN: No.

Mr. Wild: Yes. Get that straight!

Mr. TONKIN: Does the Minister not remember my asking about the kiln being put in there?

Mr. Wild: The foundations were down in the time of Sir Ross McDonald—the Minister before me. All I did was to continue to build it.

Mr. TONKIN: Oh no!

Mr. Hawke: Surely the Minister for Works is proud of what he did!

Mr. Brand: Emergency days.

Mr. J. Hegney: Private enterprise could not provide anything then.

Mr. TONKIN: It cost approximately a little less than £800,000 to establish the Armadale works. Taking a line through general business practice and relative costs, it is a pretty fair statement to say that one could not replace those works today for anything like that figure. Adequate depreciation has been written off the State Building Supplies every year. It has never been neglected. There has not been a single year in which adequate provision has not been made.

Mr. Court: If they had been written off more realistically, and there had not been gross over-valuation—

Mr. TONKIN: The year 1960 was no exception. Depreciation, including sinking fund contribution charged for the year, was £126,000. That is in accordance with the Treasury instruction for all fixed assets belonging to Government instrumentalities. So one can be certain of this: that having regard to the initial expenditure on Armadale of £800,000 and the writing-off of adequate depreciation every year since the construction of these works, without exception, the figure at which they stand in the books today is less than the true value.

Mr. Court: I can assure you it is not.

Mr. TONKIN: Not more than the true value?

Mr. Court: As a matter of fact, one firm was interested in buying them as a separate entity, and it wanted to pull most of the works down and start again.

Mr. TONKIN: It is one thing wanting the works and another getting them.

Mr. Court: They did not get them.

Mr. Hawke: It is a wonder.

Mr. TONKIN: Add up those figures, which are authentic from their own reports, and it becomes obvious that Hawker Siddeley got a marvellous deal, not only in the initial purchase price—freedom from repayment of purchase price for four years—but in the reduction of half per cent. interest until 1966. That is a wonderful deal so far as that company is concerned; and it is a shocking deal for the State. It is a complete give-away. Although the Minister has endeavoured to inflate the price by including book debts, he did not explain clearly to the House the situation regarding stocks on hand. I will tell the House what the arrangement is with regard to stocks of timber on hand.

Mr. Court: I listened to it the other day.

Mr. TONKIN: I will repeat it; and it is factual. The company's representative went around and said, "We will have that. We will not have that. We will have that. We will not have that."

Mr. Court: Who told you all this nonsense?

Mr. TONKIN: Never mind who told me!

Mr. Court: It is plain nonsense.

Mr. TONKIN: So they selected the proportion of stocks on hand which they would have.

Mr. Court: They did not do that under the agreement.

Mr. TONKIN: And the balance is left with the Government to be sold by the purchasing company. If it does not sell within a certain time, then the stocks will be revalued and some arrangement will be made as to their disposal or sale.

Mr. Court: You have omitted the clause on rotation of stocks. The old stocks must be sold before the newly-acquired stocks, and that is all provided for in the agreement.

Mr. TONKIN: That does not make any difference to what I said.

Mr. Court: It does.

Mr. TONKIN: Not the slightest.

Mr. Court: Our stocks must be sold first.

Mr. TONKIN: If that is so, why has the Minister in the agreement the provision that if there are any unsold stocks at a certain time they will be revalued?

Mr. Court: That is if there is a small residue of stocks left over.

Mr. TONKIN: That is what I said.

Mr. Court: You give the impression that—

Mr. TONKIN: The company is under an obligation to sell what it would not buy itself—what it rejected itself—to someone else; and if a certain proportion of the

stocks then remains unsold, an arrangement will be arrived at with regard to the sale price of those stocks.

Mr. Court: That is only any residue of stocks. The stocks must be sold in their rotation—the normal commercial rotation.

Mr. TONKIN: I have never denied that.

Mr. Court: You have given an entirely different impression.

Mr. TONKIN: Only in the Minister's mind.

Mr. Court: You have given the entirely different impression that we are going to finish up with most of the stock left as residue.

Mr. TONKIN: What I am saying—and the Minister knows it is the truth—is that the company had the right to select what stocks it was going to take over.

Mr. Court: You are completely off the beam.

Mr. TONKIN: Does the Minister deny that?

Mr. Court: You have not read the agreement properly.

Mr. TONKIN: Does the Minister deny that?

Mr. Court: Yes I do. The first £250,000 worth of stock taken over in the ordinary course of business is provided for on one basis, and the stock in excess of that is provided for on another basis, with the important proviso that they must take them in rotation and sell ours before their newly-acquired stocks.

Mr. TONKIN: I am going to tell the Minister that the company had a man who actually went around and said, "We will have that; we will not have that; we will have that; and we will not have that."

Mr. Court: You are being misinformed.

Mr. TONKIN: No I am not; and a Royal Commission would prove this. Make no mistake about that!

Mr. Court: Eventually, under the agreement, the stocks are handled in an entirely different way.

Mr. TONKIN: If it were right for the Minister to include the book debts in the figure which was mentioned, which were not being acquired by the company, he should have mentioned also the liabilities.

Mr. Court: We did mention the liabilities.

Mr. TONKIN: Where? On what page?

Mr. Court: I do not know the page. I mentioned it on Thursday, and in public as well.

Mr. TONKIN: What are they?

Mr. Court: The Government pays the liabilities.

Mr. TONKIN: What are they?

Mr. Court: I do not know.

Mr. TONKIN: Has the Minister ever quoted the figure?

Mr. Court: No.

Mr. TONKIN: Of course he has not!

Mr. Court: The manager himself does not know and will not know for a couple of weeks.

Mr. TONKIN: This is a pretty good guide. The agreement makes specific reference to the fact that the vendors accept responsibility for the liabilities.

Mr. Court: That is right.

Mr. TONKIN: Without saying the amount?

Mr. Court: Of course not. They are no concern of the purchaser.

Mr. TONKIN: Referring to the balance sheet for 1960, we find that the liabilities at that date were £870,000.

Mr. Court: That is right.

Mr. TONKIN: If all the assets are sold and the book debts which have not been bought are included, but the liabilities are not disclosed, see what a wrong picture is created for the general public.

Mr. Court: You relate the realisation of assets to the book value.

Mr. TONKIN: Yes; I know.

Mr. Court: The purchaser is not the least bit interested in the liabilities. They are the concern of the Government.

Mr. TONKIN: He is not interested in the book debts either.

Mr. Court: Of course he is!

Mr. TONKIN: He has not bought the liabilities, nor the book debts; but the book debts are included to inflate the price.

Mr. Hawke: Too right!

Mr. TONKIN: And the liabilities are not deducted. I say that if a true picture is to be shown of the situation, and book debts which were not included in the purchase are included in the total, then there is an obligation to include the amount for liabilities as well. But when only on the asset side is the amount of book debts included, and it is not disclosed that there is about £700,000 worth of liabilities for which the Government assumes responsibility, then an entirely wrong impression is created.

Mr. Court: It is nothing of the sort.

Mr. TONKIN: Of course it is!

Mr. Court: We are not talking about the net worth of the business, but about—

Mr. TONKIN: The Government will not get anything like £1,000,000 out of it.

Mr. Court: What do you think we will get?

Mr. TONKIN: I am hoping the Minister will answer the question frankly tomorrow and say what he estimates the purchase price will be to the company for the assets actually purchased. That is a very fair question and I am hoping the Minister will

be frank and give the figure, because surely the Government must have made an estimate of what it is to gain from the purchaser for the sale of this very, very valuable undertaking as a going concern.

Mr. Court: It does not take me to work it out, because it is in black and white.

Mr. TONKIN: Oh no! It is not in black and white.

Mr. Court: Yes it is!

Mr. TONKIN: And there is not a member in this House, probably including the Minister, who can say what amount the State is likely to get from the sale.

Mr. Court: I have a pretty fair idea.

Mr. Heal: Fair idea! That is nice!

Mr. TONKIN: The Minister may know—he ought to—but I am prepared to say that there is not another member here who can stand up at this moment and get a figure anywhere near it—which is a remarkable state of affairs for members of Parliament who are debating the sale of an undertaking of this magnitude. And the reason we are in that position is that the Government has failed to make a frank disclosure of the true position.

Mr. Court: You are going over and over this. We have laid the agreement on the Table.

Mr. TONKIN: Yes; the Minister has laid it on the Table all right.

Mr. Court: And it is set out in clear terms.

Mr. TONKIN: It is not.

Mr. Court: It could not have been simpler.

Mr. TONKIN: There is no value given to the stocks on hand and the stocks which the company has taken over. There is no value given to those at all.

Mr. Court: I have told you that they are subject to realisation.

Mr. TONKIN: The Minister has not. He cannot even tell me now the value of the stocks which remain with the Government.

Mr. Court: You know that, because they are all listed in quantities.

Mr. TONKIN: Oh! They are in quantities now!

Mr. Court: At this time of the year stock sheets are being extended and all that sort of thing.

Mr. TONKIN: Now the Minister's answer proves that I was right. He cannot tell me, and he tells me that I know why he cannot tell me. That proves he cannot tell me. If the Minister cannot tell me, how on earth can any other member arrive at the true figure?

Mr. Court: These things are done on estimates. You know that.

Mr. TONKIN: That proves conclusively what I said a moment or so ago—that there is not a member in this House, including the Minister, who can tell me the figure which the Government anticipates getting for the assets which the company purchases.

Mr. Court: Yes there is!

Mr. TONKIN: No there isn't!

Mr. Court: I have said many times—

Mr. TONKIN: The Minister admitted a moment ago that he did not know.

Mr. Court: We told you it is expected that realisation of the assets will produce £2,200,000.

Mr. Graham: It will be nothing of the sort.

Mr. TONKIN: As a matter of fact, earlier this evening, Mr. Speaker, you heard the Minister deny that he used the figure £2,200,000.

Mr. Court: Don't start twisting my words.

Mr. TONKIN: Shall we send for the *Hansard* report?

Mr. Court: This is an old gag of yours.

Mr. TONKIN: I am deliberately telling the Minister that earlier this evening he denied that he himself used the figure of £2,200,000.

Mr. Court: You are putting words in my mouth. I said the purchase price as distinct from realisation of assets.

Mr. TONKIN: We were dealing with the purchase price at the time.

Mr. Court: I am not falling for that. I know enough about figures not to be led into that trap of yours.

Mr. TONKIN: Unfortunately for the Minister, this will be recorded in due course and we will have the *Hansard* copy in front of us. What a sorry mess it is! First of all, there is an attempt to falsify the certificate which the Auditor-General has given—

Mr. Court: Who is attempting to falsify the certificate?

Mr. TONKIN: —and to create the impression that it is not worth anything; that it is unreliable.

Mr. Court: Don't distort my words! It is not true. It is a good certificate, but it has to be read with its legal implications.

Mr. TONKIN: What did the Minister mean when he and the member for Subiaco drew attention to the words "as shown by the books." What did the Minister mean to convey?

Mr. Court: What is legally meant by that certificate is not a valuation by the auditor. It can be exactly what is faithfully recorded in the books and still not be the value of the business. It could be too high or it could be too low. Auditors are not valuers.

Mr. TONKIN: I know auditors are not valuers. But auditors are put there by shareholders properly to advise them as to the state of the business; and they give a guarantee to those who pay them that they have exercised reasonable care in scrutinising the books and accounts of the company, and to the best of their knowledge and belief those books of accounts show the true position.

Mr. Court: Naturally; but always with that reservation: "according to the books"; because an auditor cannot go beyond that.

Mr. TONKIN: No; and the reason that is put there is that the auditor himself would be responsible in a case of fraud if he did not protect himself in that way. If the books had been falsified in a way he could not detect, and he gave a guarantee to the effect that it was the true position, he would be personally liable; and in order to avoid that, he is allowed to say: "according to the books and accounts produced."

But that does not allow him to be careless or to be slipshod in his work. It requires him to exercise reasonable care and diligence, and to satisfy himself that the books do show the true position. Although he makes no guarantee that they do, he uses his reputation and advises those who employ him that he thinks that they do. That is what the Auditor-General said about this concern; namely, that as a reputable auditor he thought their books and accounts showed the position of the State Building Supplies.

Mr. Court: He gives no certificate at all as to value.

Mr. TONKIN: And so it is obvious, from what has transpired and what has been brought out in this debate, that the only fair thing to do in the interests of the general community is to have the matter investigated and inquired into, and a statement made in regard to the situation.

The SPEAKER (Mr. Hearman): The Deputy Leader of the Opposition has another five minutes.

Mr. TONKIN: That is all that the Opposition seeks to achieve in connection with the amendment to the Address-in-Reply. It believes that the situation as explained by the Government is most unsatisfactory and misleading, and in the interests of the State generally there should be an inquiry in order that all the relevant information may be available for scrutiny. I support the amendment on the amendment.

MR. EVANS (Kalgoorlie) [9.26 p.m.]: The Opposition has clearly, deliberately, and unequivocally asked the Government for a Royal Commission to inquire into the transaction whereby the proprietary rights of the State Building Supplies—an asset of the people of Western Australia—passed to a wealthy overseas concern by the name of Hawker Siddeley.



We have witnessed the spectacle, during the time of office of this Government, where we have had Royal Commissions into betting, bookmakers, bribery, and bush fires, and one concerning a certain Liberal member of Parliament; and there is another Royal Commission contemplated in relation to fruitgrowing. These Royal Commissions have been set up on behalf of sectional interests—Royal Commissions to suit some of the people of Western Australia. We of the Opposition are asking for a Royal Commission to inquire into a matter which concerns all the people of Western Australia, because this was a State instrumentality—it was owned by the people of Western Australia. We pride ourselves in Western Australia—

The **SPEAKER** (Mr. Hearman): The honourable member must confine himself to the amendment.

Mr. EVANS: I will link this up with the amendment. We pride ourselves that we are living in a sovereign state, a democracy; and sorry will be the day when we find we are living in a totalitarian state, where the people's interests are denied. The Opposition has asked for a Royal Commission, and an amendment on the amendment to the motion has been moved to the effect that the Royal Commission should be centred on the transactions of the agreement which has been tabled in this House. It is towards that end that I now speak.

I did not speak on the issue earlier; but when I heard the wording of the proposed amendment I was greatly concerned, and I then studied the agreement. Having listened to the debate, and having heard the hedgings of the Minister, I have no doubt that the true value of the State Building Supplies is very close to £4,000,000. We find in this agreement—which is a piece of jiggery-pokery, by the way—that the purchase value, as stated, was £2,200,000.

I studied the agreement very closely; and while I do not profess to be a Professor Einstein, I do profess to be able to count beyond 10. I fail to see how this agreement—and here I agree with the Deputy Leader of the Opposition—made a fair or frank disclosure of the facts. Looking at it from the point of view of Hawker Siddeley, the company may regard the agreement as another Shylock's bond, because they were the only people to get their pound of flesh. Looking at the agreement, it would take a Daniel to come to judgment to be able to decipher some of the terms. However, I would like to try to analyse what is in this agreement.

Apparently the value of the book debts has been included in the purchase price, but no attempt has been made in the agreement—and the Minister tonight during question time deliberately evaded the issue, or endeavoured to evade the issue

when a question was asked in order to pin him down—to say what the actual price to be paid by the Hawker-Siddeley Group will be. It is clear that the book debts are included, and that certain liabilities are not included, or have not been deducted or set off against the purchase price.

If I progress further I find a deposit was mentioned. It was a very small token; namely, £200,000. But when is it to be paid? Not for four years.

Mr. Court: The deposit has been paid.

Mr. EVANS: That is so, but what else is to be paid, apart from the deposit? Nothing for four years.

Mr. Court: They have to invest their money to make this a virile concern.

Mr. EVANS: At the moment we are experiencing the aftermath of a credit squeeze; and I wonder what Federal Ministers would have thought of the type of economics practised by the Government of Western Australia, when the banks were thumb-screwed to refuse even a tray-bit. Here we have the Government of Western Australia allowing the sale of a large State asset on a small deposit and no further payment for four years.

Mr. Court: We have made no advance or payments. You have the thing all cock-eyed.

Mr. EVANS: And so is the agreement cock-eyed.

Mr. Graham: You can say that again.

Mr. Court: You are not reflecting very well on the Solicitor-General.

Mr. EVANS: The only payments to be made are interest payments. The interest payment mentioned is £5 per centum; but in reality is that the amount of interest to be paid? Not in reality, because we find that that is reducible, and a huge saving will be experienced as a result of this reduction in interest spread over the period of the contract, some 20 years. It has been estimated that the saving to the company will be £102,522. What a fine old kettle of fish this is; and like a kettle of fish, I say it ranks to the high heaven.

It is obvious that the Government parties, even when in Opposition, were determined to dispose of the people's assets. I can remember the member for Narrogin introducing a very pious motion, when in Opposition, calling on the then Government to dispose of the S.B.S. We know that the intention of the Government parties was to sell these concerns at all costs. That was their aim, or goal, even at the time when the member for Narrogin introduced his motion. He was supported by members of the present Government but at that time they had no so-called mandate from the people. The aim of the Government is, was, and will be the sponsoring not of competition but of monopolies. Private enterprise is a myth.

Once it was thought that the Liberal Party stood for private enterprise—the freedom of competition and the right to engage in competition. But that is purely a myth—it is just a blind.

**THE SPEAKER (Mr. Hearman):** I think the honourable member should confine himself to the amendment and that deals with the contents of the agreement and not the implications of it.

**Mr. EVANS:** I have mentioned the details and I am trying to elaborate on them.

**THE SPEAKER (Mr. Hearman):** I think the honourable member will have to confine himself to the details of the transaction, which he is not doing at the moment.

**Mr. EVANS:** Now that you have brought me back to the straight and narrow, Mr. Speaker, I would like to mention the fact that only a very small deposit was paid on this transaction, and there are to be no payments, other than interest, for a period of four years.

**Mr. Court:** Those things are all in the agreement.

**Mr. EVANS:** This transaction would oust Charlie Carter's supermarket; possibly we might delete the word "Carter" and insert the word "Court" and that would give us a clearer picture of the transaction that took place. If that is done people may not be so amazed when the Hawker Siddeley Group boastfully claims what a bargain it got from the Government of Western Australia. These facts are crying out loud for examination, and I claim that nothing but a Royal Commission will suffice.

**MR. GRAHAM (East Perth) [9.36 p.m.]:** When I addressed myself to the amendment moved to the Address-in-Reply I did so rather forcibly, and I severely criticised the attitude of the Government towards the assets of the State. In my mind the picture has completely altered, for the worse let me hasten to assure members, with the production of what is called an agreement between the State of Western Australia and the Hawker Siddeley Group. The most violent terms that I could employ, in my honest estimation would not adequately describe this miserable business which the Government has put over the people of Western Australia.

Before proceeding to analyse what has at last been revealed to us, let me say this: Today I have spoken to more sawmillers and businessmen than ever before, and in the case of every single one of them they are not sympathetically disposed to the political party to which I have the honour to belong. They are aghast and dumb-founded, and the majority of them refuse to believe that there could be such provisions as appear in this agreement. As a matter of fact, a number of them sent

messages to their headquarters and to persons engaged in this type of business in other parts of the Commonwealth of Australia, and the reaction is identical there.

Within the last two hours a statement was made to me by a well-known personality associated with the sawmilling industry that if it were possible for the Opposition to convey to the people of Western Australia what has been done to them there would be no prospect whatever of a Liberal Government being returned. This person went further and said that he could not conceive that any Government would wittingly perpetrate such an outrage against the State of Western Australia unless it were deliberately intent on the business of exterminating itself so far as the Treasury bench is concerned. These are words of other people—of responsible citizens in this community—and they are not descriptions of mine.

I have already said that my own thoughts in the matter would perhaps be such as should not appear in *Hansard*, and could not appear in the daily Press. I feel that the public in the first place was hoodwinked, and here I point the accusing finger at the Premier by saying that he deliberately presented a false report to *The West Australian* newspaper—a report couched in such terms that the newspaper itself, as well as the public of Western Australia have been led to believe something which is completely a myth. I have the report of *The West Australian* dated the 27th June, 1961, and it is headed, "British Group Buys S.B.S. in £2,000,000 deal." A little down the page it says—

The total realisation of assets is expected to produce about £2,200,000. The final figure will depend on collection of book debts and disposal of stock.

I do not know the current position, because there has been no report presented to us. However, the latest one available, dated the 30th June, 1961, shows sundry debtors, less provision for bad debts, amounting to £477,621. Indeed, because you and I, Mr. Speaker, owed some money to the State Building Supplies and, in the course of time, we paid it, the Premier is including those payments in order to make up his figure of £2,200,000. This will be money which the citizens of this State will be paying to a now defunct trading concern and will not represent a penny that will be paid by the Hawker Siddeley Group.

**Mr. W. A. Manning:** It is part of the assets.

**Mr. Brand:** Of course it is!

**Mr. GRAHAM:** They are debts owing to the State of Western Australia incurred by you and me, Mr. Speaker, and ultimately the money will find its way into the Treasury of Western Australia. The Hawker Siddeley Group is not paying any additional amount.

Mr. Brand: It is clearly mentioned in the statement, nevertheless, that that would be the position.

Mr. GRAHAM: I am referring to book debts and the disposal of stock, and I will deal with the disposal of stock presently.

Mr. Brand: In the statement it was clearly mentioned that that would be the position.

Mr. GRAHAM: There has been the pretence that £2,200,000 will be the approximate sale figure; or, in other words, the price that will be paid by the Hawker Siddeley Group to the Government of Western Australia. However, I say it is nothing of the sort. My authority is the agreement which was belatedly laid before us.

Mr. Brand: The statement clearly said that.

Mr. GRAHAM: Of necessity, most of us have been able to make only a very sketchy analysis of the agreement. I was still busily engaged on such an analysis beyond 2 a.m. this morning, and I took steps to have a copy made for myself so that the only other available copy could be perused by other members. From the study I made of the agreement, and of the other details, I find that during the period the negotiations have been taking place between the Hawker Siddeley Group and the Government, almost £100,000 capital expenditure has been incurred. In other words, that is a gift to the company from this Government. Some additional land has been purchased at Armadale in connection with the State Brick Works—as they were previously called—during the period of these negotiations. Of course, that becomes another gift to the company. Then logs on landings, clay, shale, and fuel on sawmill sites and on the brickworks respectively, come to a total value of about £24,000.

Therefore, it can be seen that, roughly, £150,000 has, in these instances, been presented to the company which has just acquired these concerns. Here we have these infamous documents known as the agreements between the Government and the company and between the Railways Department and the company. As has already been mentioned, the sale price is £1,000,000. One million pounds for what? For the goodwill, the lands, fixed plant and machinery, existing contracts, movable plant and machinery, trade marks, designs, patents, and insurance policies, and all other property and assets of the vendor, with certain exceptions. We will deal with those.

I will prove that the figure which will be received by the State of Western Australia, without making any allowances for all the debits that are to be taken into

account, will be very little in excess of £1,000,000. I know that Government supporters are unaware of the contents of the agreements and I think it is time they knew. I think it is time, too, that the contents should be recorded. My only fear is that I will not have nearly sufficient time to cover the principal points in these arrangements.

It must be mentioned that apart from the paltry deposit of £200,000 from this company, which is worth hundreds of millions of pounds, there is to be no repayment until 1965. An interest rate of only  $4\frac{1}{2}$  per cent. is to be charged on the money outstanding until June, 1966, and the payment of an interest rate of 5 per cent. thereafter until 1982. In these times nobody would ever hear of a similar business deal on such simple and generous terms as those which are laid down in this transaction between the Hawker Siddeley Group and the Government. Nevertheless, the price set out in the agreement is £1,000,000 plus brick stocks.

I have been getting around with my ear to keyholes and with my eyes looking around corners—if such a thing is possible—and, so far as I am able to ascertain the bricks which were then available—that is, at the time of the take-over—numbered between 150,000 and 200,000. For the sake of argument we will say there were 200,000. These bricks have been valued between £8 and £9 a thousand. They are selling at an average price of £15 a thousand and the Government know that. The Minister for Industrial Development certainly should; yet the company will pay only £1,800 for them. Therefore the company will be required to pay £1,000,000, plus a paltry £1,800 for brick in stock.

It must pay for uncompleted work. In the 1959-1960 period £70,000 was made available to the State Building Supplies from loan funds. I do not know what was paid to the concern in the last financial year because there was no provision in the Loan Estimates for any payment; but let us assume it was the same amount. I should say that if there were £20,000 to £25,000 worth of work going on at the moment that would be the maximum. Therefore this company, of necessity, must pay for the completion of certain jobs and for the installation of certain machinery, and so on. Let us estimate the value of that work at £23,000; that is approximately one-third of the £70,000 that was made available to the State Building Supplies.

The other item is stock in trade stores. The latest figure was issued as at the 30th June, 1960. On that date there was £27,742 worth of stock in trade stores. This last year it would be less, which is only natural because business has fallen off an

he stores would not be carrying the same amount of stock. Therefore, I will be fair and generous and say that £25,000 will cover that item. The three items I have listed amount to a total value of £53,000. As a consequence, the company is paying £1,053,000 for everything.

Mr. Guthrie: What about the timber stocks?

Mr. GRAHAM: I will deal with the timber stocks in a moment; but if the member for Subiaco is suggesting for one moment that the company is buying the timber stocks, he either has not seen the agreement or does not understand it.

Mr. Guthrie: I understand it better than you do!

Mr. GRAHAM: I think I should here endeavour to enlighten the uninformed member for Subiaco. The stocks shown at the 30th June, 1960—timber, hardware, and bricks stocks, were valued at £841,733. Some of those stocks would be bricks, but not a great deal. Some of them would be hardware, but not a great deal; most of the stocks would be timber. Therefore, let us say that the timber would be worth £800,000, which amount had been written down—as we have been told—by the general manager.

I think I am right in saying that stocks have increased. What I am about to say might surprise members—and here let me point out that I know the exact amount in £ s. d., but I am not disclosing it, because the source of my information may then become known.

This timber is shown on the books of the accounts that were shown to prospective buyers at less than £18 a load. What are the prices for timber? This is the price list of the Associated Sawmillers—

Green karri scantling (the cheapest of the lot)—£38 to £40 a load.  
Green jarrah scantling—£41 a load.  
Green jarrah boards—£41 a load.  
Seasoned flooring—£62 a load.  
Seasoned joinery—£64 a load.

Yet the volume of timber which was held by the State Building Supplies at the date of take-over was valued at a figure which altogether would come to the company at something less than £18 a load.

Mr. Court: What is this you are talking about?

Mr. GRAHAM: If the Minister had been in the Chamber he could have followed my speech; now he can have the opportunity of reading what I have had to say. This is authentic information, made available to me today. I only wish the Minister had been here earlier, because he has been telling anything but the truth in connection with this matter.

Mr. Guthrie: Rubbish!

Mr. Court: Do not come at that stuff.

Mr. GRAHAM: I have given the figures, and I say that these figures are taken from the price list of the Associated Sawmillers and Timber Merchants in the metropolitan area. We must be fair and make certain allowances. This is in the metropolitan area.

So after making an allowance for deterioration of some of the stock, for what are known as shorts—that is, the shorter lengths of timber—and considering discounts allowed for freight from various mills in the country and for handling charges—and this comes from one of the leaders of the industry—a conservative estimate would be £30 a load. Yet we have the Government placing on it a valuation of less than £18 a load.

Mr. Court: What valuation?

Mr. GRAHAM: For the stocks of the State Building Supplies.

Mr. Court: Where are you getting all this stuff from?

Mr. GRAHAM: I do not intend to disclose the information.

Mr. Court: I think a lot of it is nonsense.

Mr. GRAHAM: It could have come from Hawker Siddeley. The lot of it is in accordance with facts. If the Minister were not so insistent in endeavouring to make out that what we are saying is untrue, then he would be a little more frank and supply information which is legitimately asked for in the form of questions from this side of the House.

For instance, when I asked what was the acreage and valuation of the land owned by State Building Supplies at Nedlands, Hamilton Hill, Mt. Hawthorn, Midland Junction, Carlisle etc., the Minister refused to supply the information. And that is typical of the Minister's attitude.

Mr. Court: You were the Minister yourself for years.

Mr. GRAHAM: If I had been the Minister for 100 years, should I know the valuation of the piece of land on which the State Building Supplies operated at Nedlands? Do not be so foolish! Does the Minister know the present value of the piece of land on which the Subiaco Station is sited? Of course he does not; but he can get it from his departmental officers. What tommyrot is the Minister talking? Is he so inflated with his own ego that he should make statements such as that? I know that the State of Western Australia has been sold out with respect to this agreement.

Mr. Hawke: That is one of the Minister's simple explanations. "Simple" is right.

Mr. Court: I will be interested to read the first part of your speech so that we can reply to it.

Mr. GRAHAM: The information was given to me from within Western Australia and from without Western Australia,

by people who know what they are talking about; and the Minister certainly does not know what he is talking about in connection with this matter even if he does know something about other concerns.

Mr. Hawke: And commercial accounting.

Mr. GRAHAM: We see on page 6 of the agreement between the Government and the company this statement—

In view of the extreme difficulty in assessing by the takeover day the true value of the vendor's trading stocks (being timber and hardware stocks) . . . then follows certain procedure. I have had this checked and I am assured—and I cannot be any more definite than this—by large and leading sawmillers in Western Australia, that this could be completed inside a period of four days without any pressure and without any haste. Therefore I say that a lie has been written into this agreement in this respect, as in so many others.

Mr. Court: In what respect?

Mr. GRAHAM: By the words, "in view of the extreme difficulty in assessing by the take-over day the true value of the vendor's trading stocks being timber and hardware stocks".

Mr. Court: That is true. You know that some of these stocks of State Building Supplies are not good stocks for one thing. You know why they are not so good.

Mr. GRAHAM: I was not born yesterday. Anybody who has had anything to do with timber—and that is not necessarily myself—can, by merely looking at it, tell almost to the load what is in it; and can tell almost to the pound what the value of it is.

This is merely a blind and a cover-up; a whole lot of words to endeavour to create the impression that there are all sorts of difficulties, and all sorts of things being bought; whereas everything—lock, stock and barrel—is being purchased for £1,000,000, with possibly another £50,000 to come; while on the other side many hundreds of thousands of pounds' worth of advantage has been given to this company.

I hope the Minister will not interfere, because this is a long document of 25 pages in one agreement, and nine in the other, and I wish to traverse some of the points, or as many as I possibly can.

Mr. Fletcher: So do not interject; listen!

Mr. Court: You have been given some wrong stories on this one. You have made it terribly easy, I am afraid, to identify the parties concerned.

Mr. GRAHAM: Which is no doubt what the Minister was afraid of; and there is perhaps the reason and necessity for the Royal Commission that is sought. The Minister is now squirming, because he is

afraid that certain of the facts have become known to me. I want the public of Western Australia to become aware of those facts.

Mr. Court: You have a lot of wrong information up to date.

Mr. Jamieson: The Minister would not know.

Mr. Brand: Just sit down and wait. Don't get excited.

Mr. Jamieson: That is about your limit.

The SPEAKER (Mr. Hearman): Order.

Mr. GRAHAM: I hope I am being allowed time on because of these interruptions. Quoting from the foot of page 6 of the agreement, it says—

Upon the purchaser acquiring or disposing of any such stocks the purchaser will become indebted to the Treasurer on behalf of the vendor for the price thereof as appearing in the vendor's accounts as at the takeover day less a discount of 10 per centum.

There is an arrangement following. I ask members to follow closely what I say, because it will be found that after the Hawker Siddeley Group has disposed of this timber—which was produced by the State Building Supplies, and which the Hawker Siddeley Group received at bargain prices—it will hasten to sell, without being urged by anyone because of this circumstance: the company will have a period of 20 years to pay for the timber which the State Building Supplies produced last year and the year before.

Mr. Court: That is right. There is nothing extraordinary about that.

Mr. GRAHAM: Let us assume the figure to be £800,000 worth of timber. If the Hawker Siddeley Group, which was able to obtain the timber at a fraction of the true price, is able to quit the whole lot in the next 12 months, at the present market value, it will receive £800,000. It will be able to pay to the State of Western Australia this amount of £800,000—less a certain amount—over the next 20 years.

Mr. Court: There is nothing extraordinary about that.

Mr. GRAHAM: Such a remark can only come from a very extraordinary Minister of a most extraordinary Government.

Mr. Court: Do you know what was the best offer we received for the stocks of the State Building Supplies *in toto*?

Mr. GRAHAM: The Minister obviously seeks to impute from my telling of this story that I do not know the value of the stocks. In order to endeavour to get rid of this instrumentality he has selected an occasion when there is a semi-depression in Australia; when there is a building slump in this and in other States; when there is a smaller percentage of timber being used in houses; and when, by the

Government's deliberate action, about £500,000 worth of business a year is being taken away from State Building Supplies. He must know why the offers for the stock were low—when banks were squeezing the people.

He wonders why the Government did not receive substantial offers! There was not a worse time to dispose of this instrumentality. There was no necessity for the Government to sell in the last couple of months. Even if it had decided to give this instrumentality away a couple of years earlier, it would have received a better deal. The sales situation would have been far better than the circumstances which exist at present, and the Minister is well aware of that. Let him cut out this talk about unsatisfactory prices being offered. There is a reason for unsatisfactory prices being offered.

Let me digress for a moment. I know a person who has about £7,000 worth of assets. He went to his bank within the last couple of months and requested to overdraw his account to the extent of £50 during the next few weeks, which he undertook to repay within two months. The bank refused him. He went to another bank and got the same answer. While circumstances such as these obtain, the Minister proceeds to put this sort of business over the State of Western Australia.

Mr. Court: It is interesting to note that this Government is doing as well during this so-called recession, as your Government was doing in the so-called boom.

Mr. GRAHAM: I refer to page 9 of the agreement which states—

The purchaser will use its best endeavours to dispose of the stocks held on consignment; will not sell its own trading stocks in preference to the vendor's trading stocks in normal rotation.

Because of the ridiculously low price at which this undertaking is being disposed of to the company, is it any wonder it will be doing this very thing? There is no need for so much packing in this agreement.

Mr. Court: It is a very important provision.

Mr. GRAHAM: The Minister is not a babe in the woods. We find the Government continuing to bend backwards in respect of this company—the so-called purchaser. Another example of the Government's action appears on page 12 in the following terms:—

The vendor agrees to reimburse the purchaser for all legal and out-of-pocket expenses incurred by the purchaser in such collection.

That refers to money owing to the State Building Supplies.

Mr. Court: That refers to the legal costs.

Mr. GRAHAM: And to out-of-pocket expenses.

Mr. Court: That is only when the company has to sue.

Mr. GRAHAM: This agreement refers to out-of-pocket expenses.

Mr. Court: Such as what?

Mr. GRAHAM: Unlimited. The Minister knows sufficiently about the filling of taxation returns to realise how broad and how wide this item is.

Mr. Court: If you read the whole clause you will find we have not been as silly as you think.

Mr. GRAHAM: On page 13 of the agreement we find this:

The Treasurer agrees to indemnify the purchaser against any liability for payment of stamp duty in relation to this agreement or to any transfers assignments or other documents incidental to or arising out of this agreement.

Mr. Court: That is all right.

Mr. GRAHAM: I do not know all the details, but I would assume the Government is saving the company upwards of £150,000.

Mr. Court: You are miles out. The State Building Supplies does not pay stamp duty.

Mr. GRAHAM: I have not had a great deal to do with the transfer of properties; but whatever the amount is, normally the purchaser pays the transfer fees and the requisite stamp duty.

Mr. Court: That is not an unusual provision.

Mr. GRAHAM: Here is a company worth hundreds of millions being relieved of the obligation to pay fees and stamp duty by the almost bankrupt State of Western Australia, where there are 6,811 persons registered as unemployed. Yet, if a pensioner is able to purchase a home, he is called on to pay such fees.

Mr. Court: You realise the State Building Supplies does not pay duty on cheques, but the Hawker Siddeley Group will have to pay this duty.

Mr. GRAHAM: We can deal with the various items. We find that whatever this group has to pay out it will be getting the amount back one thousandfold. I ask the Minister to remain silent for a while as I am only a fraction through the summary which is before me.

I now refer to some delightful provisions in the agreement, one of which is—

The purchaser shall use its best endeavours having regard to its method of operations to retain in its employment all persons in the vendor's employment on the take-over day.

This is merely a pious wish. It is a completely meaningless and ineffective provision. It is not enforceable, the same as the provision regarding dismissals. All that the company is required to do is to discuss the matter with the Minister for Industrial Development.

Mr. Court: There is a certain timetable.

Mr. GRAHAM: There is another clause which is equally ineffective. It is as follows:—

The Treasurer and the vendor shall not prevent or interfere with the purchaser's right to appoint dismiss promote or demote employees in the same manner as employers engaged in private enterprise.

There is nothing in that provision except words. It binds no condition on anybody.

Mr. Court: A previous clause relates to the fact that the company has entered into this agreement with the unions.

Mr. Fletcher: The employees used to have long-service leave after 10 years.

Mr. GRAHAM: On page 15 there is another provision which states—

The business sold to the purchaser shall be carried on within the economy of the State. The purchaser undertakes to use his best endeavours to develop and expand the business in a manner likely to assist the economy of the State.

Does the Minister think it would be advancing the economy of Timbuktoo, Communist China, or somewhere else? Again, there are worthy sentiments put into a legal document which amount to nothing—there is nothing binding.

Mr. Court: Getting back £500,000.

Mr. GRAHAM: I will deal with that in a minute, if only the Minister, to be polite, would shut up.

Mr. Roberts: We wish you would.

Mr. GRAHAM: I bet you do. We find further that notwithstanding everything contained in this agreement, after a period of seven years Hawker Siddeley can sell—I am using that word on this occasion—to any concern in any part of the world at any figure it likes that which it received as virtually a gift from this Government in this year of disgrace, 1961.

We find on page 16 that in the event of the Conservator of Forests not renewing a permit or license at a royalty rate and quantity quota which would enable the purchaser to obtain its timber supplies on an economical basis, certain things shall be done. Who is going to be the arbiter of that? The company will say, "If royalties are going up 5s. a load, this makes our enterprise uneconomic." Then the agreement goes on to say—

... the Treasurer will on demand cause the purchaser to be compensated to the extent of the loss the purchaser shall incur by reason of the happening.

Of course, if there is any increase in the royalty there will be a loss or debt to the company to that extent, which means that the Government will be meeting any increase in royalties in the future.

Mr. Court: You are not interpreting the agreement as it is written there. That clause is purely a non-discrimination clause.

Mr. GRAHAM: I had better read every single word of the clause and let members be the judge. It reads as follows:—

In the event of—

(e) the Conservator of Forests not renewing a permit or license at a royalty rate and quantity quota (having regard to the existing ratios of indigenous timbers) (other wise than karri) (to karri which would enable the purchaser to obtain its timber supplies on an economic basis (having regard to reasonable standard of operational efficiency as generally practised in the industry) for a minimum period of twenty one (21) years after the taking over day;

and subject to the purchaser's compliance with its obligations under the Agreement, the Treasurer will on demand cause the purchaser to be compensated to the extent of the loss the purchaser shall incur by reason of the happening . . .

Mr. Court: That is purely a non-discrimination clause.

Mr. GRAHAM: That may have been the intent.

Mr. Court: The Solicitor-General drafted it.

Mr. GRAHAM: It indicates the extent to which this company bamboozled the Minister for Industrial Development and the Government, and those who sit behind him. I guarantee that not two of them have taken the trouble to read the agreement. We find on page 17 that after receiving six months' notice in writing, the Forests Department can be told to go out on the matter of falling logs to supply the Dwellingup mill.

Mr. Court: That is the contract at the present time with S.B.S. under your Government.

Mr. GRAHAM: Yes; but the general manager of the State Building Supplies, an ex-employee of the Forests Department and in the interests of the forests it is a desirable thing in that locality—where the best virgin jarrah forest in the world located—to have Forests Department employees engaged at certain times of the year in felling trees so those men will be available in numbers when called upon to fight bush fires. We all know of the

shocking bush fires that occurred in that very area at the beginning of this year. Now it becomes possible that that company, which is interested mainly in making money, can give six months' notice; and the Forests Department people, not having normal profitable work to do, will be removed to other places and there will be a lesser number of trained, experienced, and equipped fire fighters in this highly dangerous portion of our State forests from the fire point of view.

The SPEAKER (Mr. Hearman): The honourable member has another five minutes.

Mr. GRAHAM: I give an assurance I have not a great deal more to say; but with indulgence I would like the opportunity; because, as members will appreciate I am going through the agreement, to make comments on certain passages of it. Therefore, I leave myself to the tender mercy of members in respect of an extension for which I would hope.

Mr. Hawke: Can I move at this stage?

Mr. GRAHAM: We find at the foot of page 17 and at the top of page 18 of the agreement that Hawker Siddeley virtually has the right to accept all of the contracts that it desires, but any that it feels will be a little irksome to do, it can shrug off—any that the purchaser considers to be onerous. In other words, it is not going to continue with the contracts which the State Building Supplies have; it will pick out the eyes, take the plums, and leave the scraggy bits, no doubt, for the Government to handle. The Government will be left to make arrangements in regard to those concerns with whom contracts have been made.

Mr. Rowberry: Start another State mill.

Mr. GRAHAM: We find this in a legal document, again on page 18—

The Treasurer agrees to assist in the promotion of the sale of karri timber and intends for this purpose to specify where practicable the use of karri timber in Government works and to employ other means.

Fancy that appearing in a document such as this! Why this favoured company treatment? Why in respect of this company any more than another? If the Government is going to do something in respect of this, it is going to do it. It is not entering into an agreement with Bunnings, Kauri, Millars, or some other small timber concern. It is talking sentimental eye-wash for the purpose of confusing anything binding or obligatory on the Government. It will do nothing. As the Minister knows, Governments, the sawmilling industry, and the Forests Department have been doing everything, including travelling to all corners of the world to promote the sale of karri timber.

Again, on page 18 it says this—

All insurable property of the business sold hereunder will continue to be kept insured by the Treasurer or vendor up to the take-over day and for a period of three (3) calendar months thereafter as trustees for the purchaser.

Mr. Guthrie: For a period of three calendar months.

Mr. GRAHAM: I am afraid I have only a photostat made about 3 o'clock this morning. Will the Minister inform me if my interpretation is correct? This means the Government will pay the insurance premium for a period of three months?

Mr. Court: I cannot say off-hand; but it is the usual transmission clause to protect assets during a change-over period.

Mr. GRAHAM: I was a party to some thousands of agreements during my term as Minister for Housing; and the persons who were buying the houses were the ones who paid the premium. The State Housing Commission naturally insisted that the new house should be insured. However, in this case we find the Government is actually paying the insurance premiums for this wealthy concern for a period of three months. I would like to know the amount for which the properties have been insured, and the premium. Would the Minister know off-hand?

Mr. Court: We do not have to insure them after this period. The company is obligated to insure them.

Mr. GRAHAM: Of course, part of the agreement should be that as from the date of take-over the company shall insure for a minimum figure to be specified or to the satisfaction of the Government but not exceeding a certain sum, or something of that nature. That would be ordinary commonsense, and a business method.

The SPEAKER (Mr. Hearman): Order! The honourable member's time has expired.

#### *Extension of Time*

Mr. J. HEGNEY: I move—

That the honourable member's time be extended.

Motion put and passed.

Mr. Ross Hutchinson: If only for the entertainment value!

#### *Debate Resumed.*

Mr. GRAHAM: Thank you. I am wondering first of all whether I should make a retort to the Chief Secretary. Let me finish the point I was making. Instead of there being a businesslike approach it appears that in about every second clause of this agreement the Government is bending backwards to grant concessions, compliments, and the rest of it, to this company which are worth several hundreds of thousands of pounds. As for the



back-benchers who find some mirth in the document or in the comments made upon it, I suggest that in their saner moments they should go quietly to some place where they can spend a few hours and not only read but study the very many pages which comprise these two documents. If they did this they would find there is no cause for mirth, but that a most shocking sell-out of their State has taken place. Yet they continue to support the Government responsible.

Now we come to the point on which so much emphasis has been placed by the Minister, and it is as follows:—

21. The purchaser after the takeover day shall provide from its own funds at least Five Hundred Thousand Pounds (£500,000) in the development in Western Australia of its business as certified by the purchaser's auditors.

That will be no more, and probably much less than would have been spent in the development of this industry if it had not been given to the Hawker Siddeley company.

Mr. Court: Out of loan funds.

Mr. GRAHAM: Let us not get on to that.

Mr. Wild: No; of course not!

Mr. GRAHAM: Because if we do I will get on to the V.I.P. house and free houses in Wyndham whilst people are looking for jobs in Western Australia. This is in order so that ministers can have the time of their lives. Hotels are not good enough for them. They are good enough for everyone else but not for ministers.

Mr. Brand: Where did you go when you went to Manjimup?

Mr. GRAHAM: We will not deal with this question of loan money because there is a mighty story which can be told against the Government.

Mr. Court: Where did you stay when you went to Manjimup during the Warren by-election?

Mr. GRAHAM: I stayed—

The SPEAKER (Mr. Hearman): Order! I think the honourable member had better keep to the amendment.

Mr. Court: I will put the honourable member's mind at rest on insurance. If he reads clause 9 he will see the answer he is seeking.

Mr. GRAHAM: The Minister cannot put my mind at rest. The next clause—clause 22, appearing on page 20, is the gem—and I would like to read it all as follows:—

22. This Agreement shall be deemed to be made subject to any delays in the performance of obligations under this Agreement which may be occasioned by or arise from circumstances beyond the power and control of the party responsible for the performance of such obligations including delays caused by or arising from Act of God,

act of war, force majeure, act of public enemies, floods, washaways, strikes lockouts, stoppages, restraint of labour or other similar acts (whether partial or general) shortage of labour or essential materials, reasonable failure to secure contractors, delays of contractors, riots, civil commotion, factors which could not reasonably have been foreseen, and delays due to overall economic conditions in Australia, United Kingdom, or Canada . . . . .

In other words, if there is a Menzies depression in Canada then this company has in clause 22 an escape clause in respect of its obligations. This thing is so fantastic—and this is one of the lighter sides of the agreement, if you like—that not one of all the business magnates with whom I have discussed in the last 24 hours would credit that such a thing as this would appear.

Mr. Court: You amaze me! That is a normal *force majeure* clause which appears in any agreement. You have a look at any agreement that is worth while.

Mr. GRAHAM: I do not take any notice when the Minister talks about anything being normal.

Mr. Court: There is only one thing there that they have forgotten and that is to provide any restraint against the member for East Perth.

Mr. GRAHAM: It might be an interesting excursion if we went into that too. Clause 25 is one I like! Listen to this carefully—

25. It is hereby agreed that an variation of the terms hereof which shall be mutually agreed upon by and between the parties hereto shall be acknowledged in writing on behalf of the Treasurer and the vendor by the said Minister for Industrial Development and on behalf of the purchaser and the guarantor by an authorised officer for the time being of Hawker Siddeley Group Limited.

In other words, no matter what appears here, as long as the person who sold out Western Australia, and the principals of this firm get together they can rewrite anything. In other words, the £1,050,000 the purchase price—

Mr. Court: Oh no!

Mr. GRAHAM: —can be written down to £50,000 and the £1,000,000 forgotten.

Mr. Court: Oh no!

Mr. GRAHAM: And where there is compensation it can be made double compensation. I would suggest that in their private moments there is not one member of this Chamber who would be prepared to trust the Minister for Industrial Development to have a blanket power like that.

Mr. Roberts: That is where you are wrong.

Mr. Court: It is not the Minister for Industrial Development who has the power, it is the Treasurer.

Mr. W. Hegney: He is in the swim with you.

Mr. GRAHAM: The Minister has obviously not read the agreement.

Mr. Court: He has.

Mr. GRAHAM: It shall be acknowledged in writing on behalf of the Treasurer and vendor by the said Minister for Industrial Development.

Mr. Court: Yes; but on behalf of the Treasurer.

Mr. GRAHAM: No, it is to be written by the said Minister for Industrial Development, and unfortunately the said Minister for Industrial Development becomes someone named C. W. M. Court.

Mr. Court: That seems to hurt you.

Mr. GRAHAM: We find a little further on in the agreement that because of the give-away of the State's assets, the State is to be debarred for a period of 20 years, come hell or high water, and irrespective of the circumstances or necessity for it, from establishing a State sawmills or State brickworks, even if the Hawker Siddeley company takes advantages of an earlier provision and sells out to a company from Hong Kong, or Japan, or somewhere else after a period of seven years. Talk about advantages if they were converted into monetary terms!

There is provision for umpires and such-like in cases of disagreement; and one I dislike very much is where the President of the Institute of Chartered Accountants is mentioned.

Mr. Court: He does not get a go until after the Law Society.

Mr. GRAHAM: But at least he comes to the party; and I am a little fearful of anything savouring of chartered accountants in view of my experience of one such in this Chamber. We find also that this company can call itself the State Building Company for a period of five years.

Mr. Court: But it is not going to.

Mr. GRAHAM: But this Government is leaning right forward in the company's direction notwithstanding the fact that the Commonwealth Hotel had to change its name to the Hyde Park hotel, and the State Theatre to the Astor Theatre, and so on. This company, the Government concedes, should be permitted to have the right to call itself a State concern for a period of five years, and yet the State itself cannot use that term for a period of 20 years as laid down by this same Government.

Mr. Court: If you went and bought Boans, you would tie up the name of Boans for a period of time.

Mr. GRAHAM: This is the State of Western Australia. We now come to the matter of sleepers, and there is something very interesting in connection with that. First of all, not less than 25 per cent. of the State's requirements of sleepers are to be purchased from this company, with a minimum quantity of 5,000 loads; which means that if the State wanted only 5,000 loads of sleepers in one year, Hawker Siddeley would get the lot; but if the State required 10,000 sleepers, Hawker Siddeley would get half the order.

Mr. Court: Those figures are conservatively fixed.

Mr. GRAHAM: We do not know in what form transport will be between now and 1982, and this agreement is binding for 20 years.

Mr. Court: For 10 years.

Mr. GRAHAM: With the right of renewal.

Mr. Court: If the railways don't want to go on. You have studied that clause, I presume?

Mr. GRAHAM: Of course I have studied the clause, within the limited time at my disposal day and night because the Minister would not lay it on the Table earlier.

Mr. Court: If we are not using sleepers in 10 years' time it is going to be a sorry look-out for the timber industry.

Mr. GRAHAM: I am not talking about not using sleepers; I am talking about the quantity of sleepers. We find we have a minimum price of £21, which can be adjusted in accordance with the basic wage and the royalty variations. I wonder whether the Minister can tell me the price at which sleepers are being supplied—or rather, tenders were accepted for the sleepers—in the financial year just concluded?

Mr. Court: I just would not guess, off-hand.

Mr. GRAHAM: I can tell the Minister: it was less than £21. And therefore, if Hawker Siddeley had been here last year, notwithstanding that all of the sleeper requirements could be supplied at less than £21, that amount would have to be paid by the railways in respect of 25 per cent. of the supply; and this £21 minimum was written in the agreement—in the agreement signed 23rd of June—and the basic wage has gone up since then. So I suppose the £21 figure has gone up or, when the company is prepared to move, will go up.

Mr. Court: Do you recall the figures—

Mr. GRAHAM: I have not got too much time and I do not want to abuse the extension of time granted me.

Mr. Court: Do you know how much the State Building Supplies quoted the Government during your term of office for sleepers? It was £22 14s., and the right to supply all sleepers.

Mr. GRAHAM: There is a very definite explanation of that which would take me about 15 minutes, and I do not intend to employ the time now; but I can do it on a subsequent occasion. I want to deal with this agreement, and I am on the matter of railway sleepers at the present moment.

It goes beyond what I have already said, because the Government must take 5,000 loads of sleepers and 4,000 loads of other timbers for railway purposes; but to the extent that it takes less timber for other purposes, so it is stepped up in respect of sleepers. In other words, if the Government railways only need 2,000 loads of timber for ordinary railway purposes, then the 5,000 loads of sleepers becomes 7,000 loads; and that, of course, will be at the sacrifice of other companies—other sawmillers. This is private enterprise; and this will go on for a period of 20 years.

Mr. Court: It has never supplied the railways with sawn timber, because Banksiadale supplied the lot. This was to protect the railways.

Mr. GRAHAM: Protect the railways! They will be paying more for their sleepers, as I have already indicated. The Minister was not aware that he has been getting sleepers at less than £21 a load. Amongst other things, the agreement says that 20 per cent. of the sleepers that are supplied shall be second-class sleepers, and at a 20 per cent. reduced price.

Mr. Court: Based on Banksiadale's past experience.

Mr. GRAHAM: At £21 a load, if that be it—and this company will probably gain far more than that. Take 20 per cent. off that and it becomes approximately 16 guineas a load for second-class sleepers. I tell the Minister for Railways that today he can get as many as he wants, ranging from £6 5s. to £7 10s. There is no such thing as second-class sleepers. Perhaps the Minister did not know that. There are either sleepers or reject sleepers; and the reject sleepers can be bought for 5s. or 6s. each. Under this agreement, 16 guineas a load means about 13s. 3d. each, when they are available today at 5s. and 6s. each; and let me tell the Minister for Industrial Development, and the Government, this: Somebody on behalf of the Hawker Siddeley Company is offering sawmillers 12s. for rejects, for which the Government will have to pay 13s. 3d., and which up till this sale these sawmillers have been selling for 5s. and 6s. each.

That was recounted to me before this document was placed on the Table, and I thought the fellow concerned was talking through his hat. When I indicated that it

was actually here, in these terms, for these so-called second-class sleepers, it was referred back to certain sawmillers from the country; and the position is as was originally submitted to me, except that this is a slightly greater scandal than was originally told because I was informed that Hawker Siddeley would be getting 12s. for reject sleepers for which my informant was getting 5s. But we find that Hawker Siddeley will get a minimum of 13s. 3d. This is a great gesture in the interests of the State!

Mr. Court: This is a much more generous basis than was proposed to State Building Supplies when it wanted to supply the whole of the railway business—which you supported.

Mr. Hawke: If the Minister wanted to protect the railways, why didn't he leave Banksiadale mill with the State Building Supplies?

Mr. Court: You ask your former Minister; he was an advocate of the Banksiadale mill being incorporated with the State Building Supplies.

Mr. GRAHAM: This means that in respect of timber, in the future this company—and the only one of the private operators—will have the right of yea and nay in respect of royalties; will have the right of yea and nay in respect of the amendments to permit boundaries. No other company has that. It will have a tenure which no other company in Western Australia has in respect of its permits.

Mr. Court: Its permits are quite normal permits.

Mr. GRAHAM: I have read this agreement and I know what is in it. There is a 10-year permit. I guarantee—and I put it to the Minister for Forests—there is not one permit holder in Western Australia who has a life of 10 years contained in the terms of his permit. He knows it is renewable annually.

Mr. Court: And automatically.

Mr. GRAHAM: Not necessarily automatically; and subject to change and variation on quite a number of counts. So we find that this company has got all of these advantages over and above Western Australian companies, small mill owners and operators, and the rest of it that it will have the sale of a minimum of 9,000 loads of timber per annum to the Government virtually on its own terms.

Mr. Court: No, in the terms of the agreement.

Mr. GRAHAM: I can tell the Minister a few other things. Some of the leaders in the timber industry were rather concerned about this disposal, first of all, but they are not quite so concerned now because an assurance has been given that the Hawker Siddeley Group intends to join the Associated Sawmillers and Timber Merchants, and any other association that is desired.

Mr. Court: I believe they refused to join the export association and the interstate trade association, or whatever it is.

Mr. GRAHAM: So far as the export portion is concerned—

Mr. Court: And the interstate—that is important.

Mr. GRAHAM: —that is not important at all. The important thing is that this group, I believe, can get together and fix its own prices, and the Government is obligated to pay those prices, even if some of the small independent sawmillers are prepared to supply timber at considerably reduced prices. That is what is written into the agreement.

Mr. Court: There is a guaranteed supply, which is very important to the railways.

Mr. GRAHAM: Sawmillers are falling over one another—

Mr. Court: Temporarily.

Mr. GRAHAM: —to supply.

Mr. Court: Temporarily.

Mr. GRAHAM: The Minister for Forests can fix it so that the so-called temporary situation becomes permanent. These are shocking agreements, and I would like to read a portion of the second one so that members will realise what the position is. It says, more or less, that commencing from the 1st July, 1961, the prices shall be as fixed for the time being and from time to time by the association known as the Associated Sawmillers and Timber Merchants of Western Australia. So it will be seen that the Government—every Government for the next 20 years—is completely at the mercy of that small group of the major sawmillers in the fixing of prices. There was a brake or steadying effect, so far as the State Building Supplies was concerned where ministerial consent and Government approval was necessary before there was an increase in prices.

Mr. Court: That is a protection for the Government so that they cannot be jacked up beyond reasonable levels.

Mr. GRAHAM: The agreement goes on and on—I am speaking now of the second agreement between the Railways Department and the company—and we find this further concession in it—

The purchaser shall indemnify the supplier against any liability for the payment of stamp duty in relation to the said agreement.

Which, of course, is the agreement in connection with the supply of sleepers and the timber requirements for the railways. In this case, naturally, the supplier is the Hawker Siddeley Group. So once again we have an illustration of where the Government is forgoing revenue to assist this extremely wealthy company which has come to Western Australia from overseas.

The agreement in respect of the supply of timber and sleepers for railway purposes is, in both cases, as I have already mentioned, for a period of ten years, and renewable for a further ten years; but in respect of sleepers there is a requirement upon the railways to give several months' notice to the company in respect of its desires. But no other sawmiller in Western Australia has that right or privilege. So once again this company gets a concession in addition to paying not £2,200,000 but £1,050,000 for the State Building Supplies. Also it will be paying a rate of interest less I should say than anybody is paying in the State of Western Australia for anything, other than for war service homes where the rate of interest is  $3\frac{1}{2}$  per cent.

In addition to all those concessions the company has a tremendously easy period of 20 years over which to pay the purchase price, and with nothing at all to pay until the year 1965, other than a small deposit and interest. There again the Government is giving a concession to this company over and above anything given to its competitors, all of whom are private operators too.

I have endeavoured to cover the principal points and to be as brief as possible, even though there is far more which could be said in connection with the agreement. It is shocking that a gift such as this can be perpetrated by a Government obviously without any sense of responsibility whatever. The Opposition were concerned and alarmed at the ridiculous sale price of £2,200,000, as was stated in the Press, but upon an analysis it is found that the sale price is actually less than half of that sum.

Mr. Court: No.

Mr. GRAHAM: It is actually less than half of that sum.

Mr. Court: You are twisting words and figures.

Mr. GRAHAM: I am not twisting anything in any way. It is actually less than half of that sum; and, in addition, hundreds of thousands of pounds of concessions have been granted to this mammoth concern. All I can say is this: If the people of Western Australia become aware of even the elements of this agreement there will be no doubt as to their subsequent action. These unworthy documents—

The SPEAKER (Mr. Hearman): The honourable member has another five minutes.

Mr. GRAHAM: I shall not take that long, Mr. Speaker. These unworthy documents cannot be justified by any Government. The amendment moved to the Address-in-Reply, and the further amendment, seek the appointment of a Royal Commission to inquire into this transaction; and, now that we have the documents, into the points that have been revealed in the agreements. But I say there should be a further amendment still; that there

should be a Royal Commission into the Minister for Industrial Development. Until a Royal Commission is held I will never be assured that there is not something as crooked as has ever been done in the political life of Western Australia involved in this transaction. It dates from the first announcement which was made in the paper and framed in such terms as to deceive any and every reader, and the whole procession has continued even up to this evening when the Minister made certain statements in contradiction of statements he made in this Chamber a few nights ago.

If members of the Government and their supporters feel that any of my comments, or those of my colleagues, have been a little more extreme than are justified, and if the Government feels that it has nothing whatever to fear, it should welcome a Royal Commission to satisfy not the Opposition but the public of Western Australia, that a fair, decent, and reasonable thing has been done. However, it is my honest conviction—and the agreements confirm it—that this is the most scandalous, shocking disgrace to the institution known as democratic government that has ever been perpetrated.

All I want is the true facts of the situation to be revealed to the people of Western Australia, and if after that they endorse this Government it is their own lookout. However, I am satisfied that this Government will be put into political oblivion for many years to come if, I repeat, the people are told and have presented to them a proper assessment of what is contained in the vile documents known as the two agreements entered into between the Government and the Hawker Siddeley Group.

Mr. Roberts: Amen!

MR. GUTHRIE (Subiaco) [10.39 p.m.]: I am not going to indulge in the extravagant language used by the last speaker.

Mr. Graham: No; you should hang your head in shame.

Mr. GUTHRIE: I will not do that; I will merely demonstrate to the honourable member how extremely extravagant has been everything the honourable member, his Leader, and the Deputy Leader have said.

Mr. Graham: You are like the man pushing the wheelbarrow.

Mr. Court: Extravagant to the point of corruption.

Mr. GUTHRIE: The basis of the Opposition case, as I understand it, shorn of the 95 per cent. surplus verbiage with which we have been inflicted, is that the price is too low. In fact, if I understood the Leader of the Opposition correctly, the assets of the S.B.S. were worth something like twice what appears in the balance sheet.

Mr. May: Never mind what he said! What are you going to say?

Mr. GUTHRIE: I will tell the honourable member what I am going to say! I am going to examine the actual figures that were disclosed in the published accounts for the last three years' trading of the State Building Supplies. Normally that is the period taken by the State Treasury in assessing the value of shares in private companies, for the purpose of assessing probate duty and for other purposes. Let us examine the position.

For the year ended the 30th June, 1958, the funds employed as the capital of the State Building Supplies were £2,588,000. The net return for that year was £126,287; or a return of 4.9 per cent. on the capital employed, without taking into account that it was a State trading concern and therefore paid no taxation. I will refer to the question of taxation shortly. For the year ended the 30th June, 1959, the capital employed was £2,736,000 and the net return was £74,909; or, in other words, a return of 2.7 per cent. on the capital employed. For the year ended the 30th June, 1960, the funds employed amounted to £2,781,000, and the return was £89,757; or, in other words, a return of 3.2 per cent.

If this had been a company—and after all is said and done I am dealing with the sale of the State Building Supplies to a private company—that had to pay taxation to the Commonwealth Government, it would have made only one-half of that net return. In other words, for the year ended the 30th June, 1958, the net profit to a private company would have been somewhere in the vicinity of £63,000, or 2.4 per cent. on the capital employed. For the year ended the 30th June, 1959, the net return would have been £37,450 or, in other words, 1.3 per cent. of the capital employed; and for the year ended the 30th June, 1960, the net profit would have been £44,850, or 1.7 per cent. of the capital employed.

Mr. Oldfield: What is the asset value of the State Building Supplies?

Mr. GUTHRIE: This is the way one arrives at the asset value. The member for Mt. Lawley may not know, but if he listens for a moment he may learn something for the first time in his life. The situation is that a business or a concern can be sold in two ways. It can either be broken up or sold as a going concern. Judging from the general experience of people who have tried to sell the assets of a company as a liquidator is forced to do, it is found that they realise considerably less than they would do if the company had been sold as a going concern. It is fairly common knowledge that the owner of a business is likely to obtain a return of only 50 per cent. of the true worth of this stock if it is sold at break-up value.

Therefore, the only sensible way to sell a business is on a going-concern basis. In consequence, any buyer who is desirous of operating a business, purchases it by

taking into consideration what income it will return to him. He will judge its value on the percentage of income returned on the capital employed or the income which should be produced to make the business worth the assets as they are valued in the balance sheet. He would no doubt purchase the business on the basis that it should return to him about 8 per cent. on the capital employed.

In this instance, therefore, the company in each of the three years to which I refer would have to make four times the profit the State Building Supplies earned for the year ended the 30th June, 1958; six times the profit the State Building Supplies earned for the year ended the 30th June, 1959; and for the year ended the 30th June, 1960, the company would have to make something like five times the profit the State Building Supplies had made in order to make the concern worth the assets figure that has been quoted in the balance sheet. Consequently, it is obvious that those assets are not worth anything approaching the figure that has been quoted and it is equally obvious that the valuer employed by the Government, Mr. Youl, was realistic when he made his valuation.

Mr. Oldfield: Where did you learn that?

Mr. GUTHRIE: I have learned a lot more! I went to school, but I sometimes doubt whether the honourable member did. We now get back to the fact that the value of a going concern must be related to the interest that is returned on the capital. In consequence, when the last balance sheet was published, we learned that the fixed assets, as at the 30th June, 1960, were shown at a figure of somewhere in the vicinity of £2,000,000. Those self-same assets, I think, have been sold for £750,000, because the Banksiadale mill has been introduced at a figure of £250,000. I am open to correction on the calculations I have made in that respect.

The profit return disclosed gave some indication that those assets can only be worth something in the order of one-quarter of the amount at which they are valued in the balance sheet if any company is going to operate it as a payable concern.

Mr. Tonkin: According to you, therefore, the Hawker Siddeley Group paid more than it should have done.

Mr. GUTHRIE: It did. But the Hawker Siddeley Group did not pay cash, and it is only reasonable that it should pay a higher price in view of the terms that have been extended to it by the Government. That is not an unreasonable proposition. The real value of the assets is a cash value, but as the Hawker Siddeley Group is not paying cash for them, it is fair enough that it should pay something extra. It is also fair enough to say that a buyer will take into account that he can run the business a lot better than

the man who is selling out; that he can make profits by running the business more efficiently and more effectively, and thus produce a greater turnover. In consequence, he will give something for these fixed assets over and above their earning capacity.

Mr. Court: That is why the Hawker Siddeley Group was prepared to pay more than the Americans, because they will not pay for that privilege.

Mr. Tonkin: And yet in the Press various companies are advertising for money at 8 and 10 per cent. interest.

Mr. GUTHRIE: Nevertheless, an expert was employed. I am only pointing out to the honourable member—I have not read the expert's report—that I can understand the reason why the expert said that the business was worth only that figure at which he valued it. It was certainly not worth the figure as shown in the balance sheet, and certainly not worth double the balance sheet figure.

Mr. Graham: What do you think it is worth?

Mr. GUTHRIE: I accept Mr. Youl's valuation; but on my calculations, taking into account only the valuation of these assets employed if they can be turned to advantage on a purely business basis, and assuming that the turnover could not be increased in any way, the shares of this company if they were put on the stock exchange, would be worth only 5s., and not one penny more.

Mr. Graham: You think that they are worth about £250,000?

Mr. GUTHRIE: Yes; that is, the valuation of fixed assets, plus the book debts. That is the net return; but the company has paid something extra because it believes it can increase the turnover.

Mr. Graham: If you will excuse me, Mr. Speaker, I must leave the Chamber because I cannot stand any more of this.

Mr. Court: The truth hurts!

Mr. Tonkin: You call this the truth?

Mr. GUTHRIE: On actual valuation, the shares would not be quoted on the stock exchange at all because the company would never declare a dividend. The whole of any profits made would be passed to reserves and the company would never have declared a dividend during the whole of its history; that is, if it were a public company, administered in the ordinary manner and not in the way the State Building Supplies has mismanaged it. That is what we have got rid of—the mismanagement and the cancerous growth which has cost the Treasury over £3,000,000—and the Government has obtained a proper return for what it is worth.

Mr. Youl examined the business, and he valued the concern at £929,965. If one adds to that the value of the brickworks

at £250,000, making the total concern, in his opinion, worth £1,179,965, one can realise that the figure of £1,000,000 paid by the Hawker Siddeley Group was somewhere near correct.

We now come to the question raised by the member for East Perth regarding the collection of book debts. He imagines that the collection of book debts is not a sale of the assets. Of course it is a sale of the assets, because as the book debts are collected they are paid into the Treasury.

Mr. Tonkin: The agreement says it is not.

Mr. GUTHRIE: If the business were continuing they would not be paid into the Treasury; they would be used to keep the business going. They would be set off by another set of book debts that would take their place.

As stock is sold for £800,000, that £800,000 will be utilised in buying another £800,000 worth of stock. If £400,000 worth of book debts are collected and £800,000 worth of stock is sold, and it is not used as the business continues, then £1,200,000 will be realised on the assets. No matter what the member for Melville might think to the contrary, that is only commonsense. If the honourable member sleeps on it tonight, I am sure he will find, when he wakes tomorrow morning, that what I say is correct.

**MR. OLDFIELD** (Mt. Lawley) [11.1 p.m.]: I doubt very much whether the supporters of the Government took the trouble to read the agreement when it was tabled.

Mr. Tonkin: The member for Subiaco has not done so.

Mr. OLDFIELD: No doubt the supporters of the Government have accepted the assurance of the Minister as to what the agreement would contain; and no doubt the Minister has told them exactly what he has told us, and what we have learnt from the Press.

An analysis of the agreement, however, shows that it is vastly different from what we have been led to believe. We have been led to believe that this transaction was taking place at a sum of £2,200,000. But on analysing the position we find that the only specified sum is £1,000,000. In other words, K.S.M.—not Hawker Siddeley—is buying the fixed assets of this business for £1,000,000 plus stock. That is the sale price.

Let us for a moment examine exactly what the fixed assets are—those that are being sold for £1,000,000. It would comprise all the land, the buildings, and the plant. We know, and it was mentioned here last night, that the brickworks at Armadale alone, 10 years ago, cost £800,000. That was the cost when the pound was worth double what it is today. In today's money it would probably cost in the vicinity of £1,600,000.

I know the Minister will say there was a shortage of materials and of labour. But it was built by the labour available at the time, and using the costs of the day—

Mr. Court: Would you in your right senses pay the price that you are suggesting for that brickworks? Of course not!

Mr. OLDFIELD: It was possibly the most up-to-date brickmaking concern in Australia.

Mr. Court: Oh gosh!

Mr. OLDFIELD: The present Minister for Works, who was then the Minister for Housing, and was also in charge of the State trading concerns, was responsible for having that brickworks built at Armadale.

Mr. Roberts: It was done before he was Minister.

Mr. Tonkin: Who told you that fiction?

Mr. OLDFIELD: The Government of which the Minister for Works was a member commenced the building of that brick works.

Mr. Roberts: Were you a member of that Government?

Mr. OLDFIELD: The member for Bunbury had not even thought of coming to this place when that was carried out. This brickworks was held up to the people of Western Australia at the time as being instrumental in solving the housing problem. I agree that it did so. The brickmaking yard at Armadale, which cost £800,000, produced pressed bricks second to none in quality. The bricks it produced were equal to any in Western Australia, and, it was said, even in the world. As I have said, however, the cost of construction of the brickworks was £800,000, and it would be somewhere in the vicinity of that value today.

Let us consider some of the other assets. I would not even try to assess what the land occupied by the State Building Supplies at Victoria Park was worth. There are six acres of land which would be probably worth £2,000 an acre, plus plant and buildings. Mr. Youl valued the Banksiadale mill at £250,000, which was possibly a low valuation. Some people put the valuation at £750,000. But let us take the valuation of £250,000. It constitutes a large proportion of the £1,000,000 the company is paying for fixed assets.

We all know that about four or five years ago the mill at Pemberton was burnt out. That was during the time of the last Labor Government, and it was rebuilt at a cost of £250,000. That was the cost of the mill alone. The other assets, such as the sports ground, the store, and the buildings were not included in that valuation. The mill alone cost £250,000. So to

this amount we can add the other assets at Pemberton and also the fixed assets of the other mills and the joinery works at Victoria Park, and brickworks at Armadale, which alone must surely be worth £500,000 in today's money. There is also the establishment at Byford. Yet we find that the whole lot is going for £1,000,000, plus stock.

We have been given nothing at all to show what the stocks are. We are not told how many thousand bricks there are; and whether there are so many first-grade and so many seconds. Nor are we told how many super feet of timber, or how many loads of sleepers, are involved. We are not told how much first-grade timber there is; how much second-grade timber there is; or how much seasoned kiln-dried and how much green timber. In fact we are not told anything or given any idea how the valuation was arrived at. We have no idea. It is just a stab in the dark. It is thought that with the book debts of £500,000 the figure might be brought to £1,200,000.

This reminds one of what has happened on the eastern seaboard with the takeover bids, in the case of companies operating on small profits. The argument was put forward by the member for Subiaco that firms operating in that fashion consider it wonderful to be taken over by large companies which have the finance necessary to effect the takeover. These companies have the wonderful asset backing of possibly 4 to 1 or 5 to 1 of the market value of their shares. That is what is happening here.

But in this case it is not a company which is being absorbed; there are no existing shareholders to derive some benefit from it. It is a complete sell-out of the assets of the people of Western Australia who, in fact, are the shareholders. These people will derive no benefit at all at any time from the sale in future.

I feel that the amendment on the amendment is possibly not worded strongly enough, particularly after we have had an opportunity to study the agreement laid on the Table of the House. I would strongly recommend to certain supporters of the Government to have a look at this agreement themselves. Let them read it and see if it carries out what the Minister says it does. If they are honest in their approach to the problem they will be astounded at what the agreement contains.

This will be especially so of the member for Avon Valley, because we know he is an honest type. We know how he feels about certain things. All I can say about the argument advanced by the member for Subiaco earlier in the debate is that it is little wonder that the gaols are so full when we have people like him putting forward a case on such weak premises.

**MR. ROWBERRY (Warren) [11.9]:** I move—

That the debate be adjourned.

**Motion put and negatived.**

*[The Acting Speaker (Mr. Crommelin) took the Chair.]*

*Debate Resumed*

**Mr. ROWBERRY:** I must add my voice again to the protest against the sale of the State Building Supplies.

**Mr. Ross Hutchinson:** This ought to be very interesting!

**Mr. ROWBERRY:** The amendment on the amendment seeks to add the following words "especially the significance of the details of the transactions as revealed in the copy of the agreement laid on the Table of the House." The amendment on the amendment would be purposeless and meaningless, if it were not read in conjunction with the amendment. Therefore, I have to reconsider some of the points which have been raised. I take it I would be in order.

**The ACTING SPEAKER (Mr. Crommelin):** The honourable member would not be in order.

**Mr. ROWBERRY:** The amendment has been further amended by the addition of words, therefore I must discuss the points which were raised during the debate on the amendment.

**The ACTING SPEAKER (Mr. Crommelin):** The honourable member will have to speak to the amendment on the amendment.

**Mr. W. A. Manning:** Have you read the agreement?

**Mr. ROWBERRY:** In reply to that interjection, I wonder how many members on the Government side have read the agreement or are familiar with it? If they have I am surprised they have not risen to express their indignation at such an infamous document. Infamous it must be; infamous it is, judged by the information we heard from the member for East Perth in his masterly analysis of this document.

**Mr. W. A. Manning:** What are you going to talk about now?

**Mr. ROWBERRY:** Because the agreement has not been laid on the Table of the House for a sufficient length of time, and because it is so lengthy, it has been impossible for all members who wish to scrutinise it to do so. The only information that has been available has been given by the member for East Perth, to enable a reasonable and a sensible member to offer criticism of the sale.

**Mr. Court:** If you check the agreement yourself you will have other ideas.

**Mr. ROWBERRY:** I am surprised that members supporting the Government have not been on their feet during this debate.



As members of Parliament we are not here merely to represent a political party. We are custodians of the liberty of the people, and we are the custodians of the assets of the people. It is our duty to look after these interests of the people. I say to members on the Government bench who have not been able to examine this agreement until tonight that it is their responsibility to ensure that the sale is looked over, so that the people in this State may realise what is being put over them. I have no doubt what will happen in future if the truth is made known.

I refer to the fact that no proper valuation of the assets of the State Building Supplies has been made. I refer to points which were raised earlier in the debate. It was stated that Mr. Youl was the person who made the valuation, in conjunction with Mr. Alexander Rowe of A. B. Rowe & Sons of South Australia. Mr. Youl was selected from a panel of names submitted by the manager of the State Building Supplies. One would have thought that the basis of valuation was to assess the individual value of the plant, the machinery, the land, and everything else that made up the assets of the State Building Supplies.

That does not appear to be the case, because on the 10th August the member for East Perth asked the Minister for Industrial Development a series of questions relating to the basis of calculation of the State Building Supplies and the Banksiadale mill. He asked if a true valuation had been made of the assets of those two undertakings. The points referred to in those questions were the only basis upon which a true valuation could be made; otherwise the valuer would be merely making a guess. Whether the guess is intelligent or otherwise will be proved in due course.

Mr. Court: It was not a guess. It was made after careful examination.

Mr. ROWBERRY: It has been proved by able argument in this House that a true basis of valuation was not adopted. In reply to the questions of the member for East Perth the Minister said—

These questions are being further examined to see the extent to which the detailed information can reasonably be extracted and made available.

One would have imagined that before a decision was made on the valuation which determined the sale price of the instrumentality these points would have been considered by the valuer.

Mr. Court: That information is available in the records of the State Building Supplies, but it is not the practice to lay all the details open to the public. The Government has to exercise some responsibility.

Mr. ROWBERRY: I like that from the Minister. He never opens his mouth but he puts his foot in it.

Mr. Mann: He has more brains than you.

Mr. ROWBERRY: If so, I wish he would use his brains to the benefit of Western Australia. The possession of brains is not everything. One has to possess intelligence, honesty, and public-mindedness to be able to use brains effectively. Anyone who holds a responsible position as Minister of the Crown should put the State and its people foremost.

The Premier said that the business of government was to govern; that he did not believe in State enterprise; and that State enterprises should be passed over to those who were engaged in private enterprise. Recently I asked a man in the Warren electorate what he thought was the responsibility and duty of the Government. In my opinion, he put the matter in a nutshell—much better than any dictionary could. We have heard an exposition on the meaning of the word "government" by the member for Narrogin. He said, "The duty of a Government is to look after the welfare of the people." It is not to look after the welfare of a section of the people; not to give hand-outs to a section of the people. The duty of a Government is to look after the welfare of the whole of the people.

I say in this connection, and judging by what we have heard of the agreement that has been signed by the Minister and the Premier on behalf of this Government, that the Government has not looked after the welfare of the people. Nor has it looked after the assets of the people. It has given them away. I do not want to say anything about the efficiency or the integrity of the company which has acquired the State Building Supplies. We hope that this will be in the best interests of the country; and we hope that everything the Minister says about the company will come true. However, that does not condone his action in giving these valuable assets away—and it never will.

I want to clear up some of the Minister's ideas about timber. He appears to think that sleepers should be cut from inferior timber. He implies, or says directly, that it is a sheer waste of a valuable State asset to put the best prime jarrah into sleepers.

Mr. Court: That is not my complaint. That is the complaint of the Conservator of Forests to the previous Government and to this Government. He said it was a scandal to see good joinery timber going into sleepers.

Mr. ROWBERRY: Apparently the Minister is using his own words now, and not the words of the Conservator of Forests, when he says that it was a scandal for good timber to go into sleepers.

Mr. Court: I said, "good joinery timber."

Mr. ROWBERRY: A worse scandal in our timber history happened last year or the year before because of inferior timber going into sleepers. This was hushed up by the conservator and hushed up by the Minister for Forests. We sent a consignment of sleepers to the United Kingdom then, and some hundreds of loads were condemned because of inferior quality. If that did any good to the State or to the trade of the State, then I will walk to China.

Mr. Hawke: Which one?

Mr. ROWBERRY: The fact of the matter is that because of the peculiar job which sleepers have to perform today, they must be of first-class quality jarrah; and the way we lay our rails in this country—

The ACTING SPEAKER (Mr. Crommelin): I suggest that the honourable member is getting off the track from the subject before the Chair and is not discussing the amendment on the amendment.

Mr. ROWBERRY: I am laying a track with sleepers.

Mr. I. W. Manning: There will be a lot more soon all over the House.

Mr. ROWBERRY: The fact is that the Minister mentioned sleepers in his speech on this amendment.

Mr. Hawke: They are referred to specifically in the agreement—both first-class and second-class sleepers.

Mr. ROWBERRY: Under the agreement, 25 per cent. of the State's requirements in sleepers have to be supplied by Hawker Siddeley from the Banksiadale mill. In that case one can discuss sleepers and the Government's attitude towards the quality of sleepers. I say, Mr. Acting Speaker, that this is relevant to the whole question; because the doubt arises in my mind—and it will arise in the minds of other people—that this transaction is going to lower the quality of our sleepers and therefore destroy our export trade to some extent—something which we are sent here to protect.

The agreement refers to the conditions under which men will be employed. However, in the agreement between salaried officers and wages personnel of the State Building Supplies it is slightly different in that now, despite the assurance, or some assurance, or whatever type of assurance appears to be in the agreement, salaried officers with five years' service can be sacked on three months' notice. In point of fact, several of them received notice one week after the new company took over.

Mr. Court: Who received notice?

Mr. ROWBERRY: I cannot tell the Minister personally; and if I could I would not.

Mr. Court: I think you are wrong.

Mr. ROWBERRY: I know the Minister's attitude towards people who give information to members of Parliament.

Mr. Court: I shall certainly ask about this in the morning.

Mr. ROWBERRY: I would think three times before giving the names to the Minister.

Mr. Court: You say these are salaried staff?

Mr. Jamieson: You would be vindictive to the people concerned.

Mr. ROWBERRY: The Minister indicated that by an interjection earlier this evening. The services of the ordinary wages man can be dispensed with on one month's notice.

Mr. Court: They did not have to get a month before.

Mr. ROWBERRY: I believe that the Minister gave an assurance that employees would be protected when the industry was handed over. Now we find that these men may be dismissed on one month's notice. I believe there was a suggestion that there would be no sackings for 12 months following the sale. Now we find it amended to one month's notice. I wonder whether the Minister would give me some assurance that the men at Pemberton who are on the second shift will have their employment assured for the next 12 months? No; the Minister is silent.

Mr. Court: Surely I do not have to answer question for question.

Mr. Jamieson: Have you run out of energy?

Mr. ROWBERRY: To my mind, some of the firms in Western Australia that are engaged in the timber industry—and a number of private enterprise firms are engaged in this industry—have made a substantial contribution to the economy of this State because of the number of men they have employed. Because of this sale, I am sure they will consider themselves to have been absolutely let down by the very generous conditions given to the new company in this agreement, especially in the matter of timber reserves and cutting reserves.

It would appear that where formerly our forest officers were given the responsibility and the right to determine how the forest would be cut to the best advantage in order to preserve the asset of the State for as long as possible, this has now been overridden and the Hawker Siddeley Group can dictate to the Forests Department. It appears to me that that is so after having heard the agreement read by the member for East Perth. I protest vigorously about the fact that this agreement was not made available for members earlier

to give them time to study it and explain it to their constituents. The Government fell down on its job in not making it available.

I had a request from certain members in my community to ask the Government—and the Premier in particular—when the next bargain sale would take place. The Premier said he considered he was not required to answer that question. It might appear to be facetious, but it was put to me in all sincerity, because the members in my community who are connected with the industry said that if they had known it was to be sold on such generous terms they would have co-operated and taken it over themselves. Therefore the Government, in its secrecy in holding on to the details of this transaction, has let the whole community down.

At the meetings I addressed on the take-over of this undertaking the men would not believe me when I told them I did not know any more than they did and that was only what had been published in the Press. The mere fact that the Government retained this information for such a long time is a damning indictment of its honesty of purpose.

#### *Adjournment of Debate*

**MR. BRADY** (Guildford-Midland) [11.32 p.m.]: I move—

That the debate be adjourned.

**Motion put and negatived.**

#### *Debate Resumed*

**Mr. BRADY:** I support the amendment moved by the member for Beeloo, which is to add the following words to the amendment already proposed by the member for Melville:—

especially the significance of the details of such transaction as revealed in the copies of the agreements laid before this House.

Members will recall that when this debate commenced the agreements were not available. Therefore members on the Opposition side—and, I take it, to some extent the members on the Government side—were deprived of the opportunity of studying them. However, some of us who have been fortunate enough to have looked at them are more satisfied in our minds now than 24 hours ago that a Royal Commission is necessary to clear up, once and for all, the doubts that are lingering in our minds in regard to the disposal of the State Building Supplies.

Even the member for Subiaco has tonight raised some points which must cause grave concern to any thinking member of the Government or any thinking member of Parliament. I am referring, of course, to his comments in connection with the Auditor-General.

On the one hand we are now told that the Auditor-General has to accept the figures in the books but that, in effect, they are of no value at all because the figures in the books may be wrong. Therefore the Auditor-General's statement is practically valueless. We know it is customary today in the audit of companies for certain people to certify that assets are of a specified value in their opinion, or that the stocks are of a certain value. These values have been arrived at in a set way.

I think the Government and this Parliament have now to look at the position to see whether the present procedure should be continued; or whether the heads of the departments should give a certificate to the effect that the valuation as laid down is the correct valuation according to values of that particular day arrived at in a certain way. All private and public companies have to adopt that system today, and it would appear that there is a weakness in Government concerns in that some such procedure is not laid down.

If the statement of the member for Subiaco is correct, a grave situation exists with regard to the Auditor-General's certificates and statements. They are practically valueless. It is really a question of whether the Auditor-General's activities should continue, especially considering the cost they are to the State. Everyone has to think that over, because we must know whether the book values are as stated or whether they are merely a matter of figures.

Having regard, Sir, to your earlier remark that it is necessary to keep to the details of the agreement; and having in mind the importance of the agreement to the electors of Western Australia and those people who are trying to follow what is going on, I propose to read the agreement clause by clause until my time has expired. However, I do not intend to read the preliminary information as to the parties to the agreement.

**Mr. May:** Why leave anything out? Put it all in.

**Mr. BRADY:** I have only limited time so will leave the preliminaries out. For the sake of *Hansard* I will try to indicate when I finish quoting and where my comments start. Subclause (1) of clause 1 reads as follows:—

Subject to the provisions of this Agreement the vendor shall sell or cause to be sold and the purchaser shall purchase as from the first day of July 1961 (hereinafter referred to as "the take-over day"—the trading concern as carried on by the vendor under the name of State Building Supplies under the State Trading Concerns Act 1916-1956 including:

(a) the good-will;

- (b) the disposable rights title and interest of the vendor to in and over the lands described in the several schedules hereto;
- (c) the fixed plant and machinery and other fixtures belonging to the vendor on any of the lands described in the schedules;
- (d) the benefit of all contracts subsisting at the take-over day subject to the provisions of clause 15 hereof relating to onerous contracts;
- (e) the movable plant and machinery;
- (f) trade marks designs patents and policies of insurance of any kind in respect of the property so sold (subject where necessary to the consent of the insurance office);
- (g) the brick stocks referred to in clause 4 hereof;
- (h) work in progress as at the take-over day (referred to in clause 4 hereof) being the value of any uncompleted work then being performed under a definite or firm order or contract.
- (i) stock in trading stores as at the take-over day (referred to in clause 4 hereof) and therein referred to as "the general store trading stocks"; and
- (j) all other property and assets of the vendor relating to its business on the take-over day.

Now I come to the schedules; and these are of vital importance. I am going to quote the schedules because there has been a lot of discussion in regard to valuations; and, strangely enough, whilst the schedules to the freehold are here—and I am quoting from schedule I—not one of the seven or eight schedules sets out the values of the respective freeholds, leaseholds, or rented properties.

In Armadale there is a 5-acre, 3-rood, 39-perches property; a 30-acre property; a 2-rood, 32-perches property; a 42-acre, 3-rood, 28-perches property; a 6-acre, 3-rood, 39-perches property; a 15-acre, 2-rood, 10-perches property; a 52-acre, 2-rood, 29-perches property; a 23-acre, 2-rood, 16-perches property; and a 1-acre, 2-rood, 37-perches property. Then, in the area known as Buck, there is a property of 151-acres, 3-roods, 2-perches. In Carlisle-Victoria Park there are seven properties all consisting of approximately 1-rood each. In Victoria Park there are two properties of 1-acre, 3-roods, 10-perches. In Byford, there are three properties, one of 58-acres, one of 27-acres, and one of 10-acres. In Hamilton Hill there are three properties,

one of 3½-roods, one of 1-rood, 36-perches; and one of approximately 2-roods. In Nedlands there are two properties.

Mr. Fletcher: That is getting close to home.

Mr. BRADY: In Midland Junction there is one property of 1-acre, 15-perches. As member for the district, my opinion is that that property has doubled, if not trebled, in value in the last five years since it has been purchased. If that applies to the other properties members can see what a good thing this company is on.

There is a property at Busselton consisting of 6-acres, 1-rood, 19-perches; there is another property at Carlisle-Victoria Park of 1-rood, 24-perches. There is another at Carlisle-Victoria Park of 8-acres, 24-perches; and another in the same area of 3-acres, 1-rood, 32-perches. There is a property at Pemberton consisting of 34-acres, 2-roods, 15-perches. There are four properties at Mt. Hawthorn of under 1-rood each. There are leaseholds in Merredin for a term of 20 years, and another one in Manjimup for a term of 21 years. There are leaseholds in Deanmill for certain areas for 999 years. One of them is dated the 5th April, 1916. There is one in Pemberton of 999 years. There is one at Banksiadale for 999 years. There are reserves held by the vendor in Manjimup for 1-acre, 2-roods, 12-perches. There is one in Pemberton for 3-acres, 29-perches. There is one in Armadale for 11 acres.

In schedule 5 there are leases in Bunbury; two in Busselton; one in Victoria Park; two in Dwellingup; one in Byford. On schedule 6—sawmilling permits from the Conservator of Forests—there are permits for Worsley, Buckingham, Dwellingup, Shannon River, Deanmill, Pemberton, Banksiadale, and Kent River; and "authorities to hold sawmill sites Conservator of Forests" apply to Worsley, Buckingham, Dwellingup, Shannon River, Deanmill, Pemberton, and Banksiadale. On schedule 7 there are siding and rail access agreements with Western Australian Government Railways Commission for 14 different locations. On schedule 8 there are sundry contracts in regard to various activities and contracts associated with the mills in the various areas to which I have referred. I have already read subclause (i) of clause 1.

My comments in regard to that clause—which is all-embracing in regard to the various assets—are that in my opinion quite a considerable proportion of those assets would have been purchased before 1948, which is about the period when great inflation took place in Australia; and no doubt if those assets were valued today, a lot of them would be found to be of much greater value than they were when listed in the books at the time they were purchased. Because of the inflationary spiral, they would be worth a lot more than the book value—which takes me to the point

made by the member for Subiaco when he said that the specialist who valued these assets would have arrived at his basis for valuation of the overall property on the profits that were returned.

I feel that if the assets were brought in at the correct value it is true the profit would not have been as great on the overall value, but it would show the correct value of the assets which should have been in the books—which the Auditor-General and the management of the company have always said would have been entered in the books at a conservative figure.

What the member for Subiaco has overlooked—and this is a very important point—is the value to the State—which it would be hard to assess in money values—of the State having its own sawmilling and brick-supplying concerns to keep down the price which monopolies and combines could make the State pay and, in turn, make the electors and the taxpayers of Western Australia pay. That value would not appear in the books, and it would be hard for anybody to assess it. But it must be worth many thousands of pounds in the course of the year when the State is called upon to build millions of pounds worth of Government works. That concern was protecting the State and the taxpayers against combines and monopolies.

The member for Subiaco did not touch upon that aspect. All he did was to arrive at some kind of basis, and no doubt the Minister for Industrial Development arrived at a similar conclusion—what is known as a commercial basis. But the honourable member did not take into consideration the value of this concern to the State—as a going concern—on the one hand, and secondly to absorb workers in industry. It was a concern which exploited the natural resources of the State for the benefit of the State and to ensure that Government concerns got what they wanted when they wanted it. It would not be possible to assess its value in that regard, or to assess how much it has saved the State by preventing it from being exploited by cartels, monopolies, and combines which, as we all know, are operating throughout Australia in at least half a dozen lines of industry.

How does the member for Subiaco arrive at a value of those factors? As one honourable member asked the other night, are not the skilled and semi-skilled employees worth money to this concern which is taking over the industry? These men have been trained over a period of 20 or 30 years, and they must be worth some money. I can remember authorising the expenditure of £200 or £300 to allow the general manager to go to a management school in Victoria for a period of one week. That was done so that he could obtain special knowledge for the good of the business, and to enable him to keep himself up to date with management techniques. Surely that was

worth something? But it does not appear in the books as an asset. Probably it is not shown at all but has been written off as a cost of administration. It would not be shown as a capital asset; and yet, to the concern itself, it was a capital asset.

Investigations conducted by a Royal Commissioner would be able to disclose how much all these factors were worth, and then nobody would be able to sidetrack the issue by saying that the books disclosed the true value. As I said the other night, there are prominent members of Parliament in this State who are associated with companies which have had their assets revalued and written up in the last 10 years. Therefore why should State trading concerns be dealt with on a different basis simply because they are State trading concerns? In the past it was desirable to have their assets shown at a conservative figure in order to protect the State. Clause 2 on page 2 reads—

- (2) There are excepted and reserved out of the property hereby agreed to be sold as aforesaid—
  - (a) debts due to the vendor on the take-over day in connection with the said business and all cheques bills and notes and securities for the same and all cash in hand and at the bank;
  - (b) the vendor's stock in trade (except the stocks referred to in paragraphs (g) and (i) of subclause (1) of this clause) as at the take-over day (hereinafter referred to as the "trading stocks"); and
  - (c) the special rights powers immunities privileges and authorities of the vendor as an agent or instrumentality of the Crown in right of the said State which accrue to it as an agency of the Crown.

2. (1) The purchase price for the property sold as referred to in clause 1 hereof other than the property the subject of paragraphs (g) (h) and (i) of subclause (1) thereof shall be the sum of One million pounds Australian currency (£A1,000,000) which shall be paid as follows:—

The purchaser shall pay to the vendor at Perth upon the execution of these presents the sum of Two hundred thousand pounds (£200,000) by way of deposit and in part payment. The balance of the purchase money shall be paid to the vendor at Perth by seventeen (17) equal successive yearly instalments the first of which shall be paid on the first day of July 1965 being the fourth anniversary of the take-over day.

(2) The purchaser shall pay to the vendor at Perth interest on the balance of purchase money for the time being owing or remaining unpaid at the rate of five pounds (£5) per centum per annum as from and including the take-over day such interest to be considered as accruing from day to day and to be payable on the 30th day of June in each year the first of such payments to be paid on the 30th day of June 1962 provided that in respect of the period expiring on the 30th day of June 1966 the vendor will accept interest at the rate of four pounds ten shillings (£4 10s.) per centum per annum in lieu of and in satisfaction for interest at the rate of five pounds (£5) per centum per annum.

Before I go any further I would like to hear from the Minister how the interest rates being paid by the Hawker Siddeley Group will compare with the interest rates which the State Government will have to pay on the money it has already put into this concern to make it an up-to-date one. Will the State in actual fact have to pay a great deal more money to honour its obligations than the Hawker Siddeley Group will be paying to it?

There is another comment I would like to make. I doubt whether any concern in Australia today, or outside it for that matter, could get money on such generous terms as are laid down in clause 2 of this agreement. We all know the leading trading concerns of Australia are flat out in their endeavours to get money. They are offering debentures at a high rate of interest; they are wanting to borrow money and are offering 8, 9, and 10 per cent.—most reliable companies; those which are often referred to as blue chips or pink page companies, and which the public know to be sound. While these companies are offering 8, 9, and 10 per cent. on money borrowed, the State, under clause 2 of this agreement, is allowing the Hawker Siddeley Group to take over a State asset firstly at an interest rate of 5 per cent. and then at 4½ per cent. Clause (3) states—

The purchaser shall have the right at any time to pay to the vendor at Perth any amount in reduction of the balance of purchase money in addition to the said annual instalments.

The only comment I can make in regard to that clause is that I think this company will never be so foolish as to try to pay that money in advance. Clause (4) reads as follows:—

Whilst any moneys payable hereunder by the purchaser are unpaid the purchaser will insure and keep insured against reasonable risks with the public insurance office for a reasonable

commercial value all the insurable assets sold hereunder and all insurance moneys recoverable under any such insurance in respect of capital assets shall be re-employed within the industry or as mutually agreed between the Treasurer and the purchaser.

The next clause is clause 3, and it reads as follows:—

(1) In arriving at the purchase money for the property sold hereunder (other than the Banksiadale Timber Mill and property associated therewith) the purchaser has placed reliance upon financial figures supplied in the vendor's Annual Report for the year ended 30th day of June, 1960 published under the authority of the Government Printer in the said State. The Treasurer undertakes that the value of the property hereby sold to the purchaser shall not have been substantially diminished as at the take-over day from the value referred to in the said Annual Report except in the ordinary course of business prior to the take-over day and except as already disclosed to the purchaser.

[The Speaker (Mr. Hearman) resumed the Chair.]

I do not know what value that clause will have if the Hawker-Siddeley Group's legal eagles read the report of the debate that has taken place in this Chamber tonight between the member for Subiaco, the Minister for Industrial Development, and members on the Opposition benches in regard to the value of these annual reports. Clause 3 continues as follows:—

(2) With respect to property—

- (a) being lands or rights or interest in or over lands as referred to in subclause (1) of clause 1 hereof within three (3) calendar months next following the giving by the vendor to the purchaser of such written details of the property as the purchaser may reasonably require; or
- (b) being any other property referred to in the said subclause within three (3) calendar months next following the take-over day.

the purchaser may give to the vendor notice in writing that the purchaser cannot locate or identify any of the property and at the expiration of the relevant period aforesaid neither the Treasurer nor the vendor should be under any liability to the purchaser in respect of any property of which the purchaser should have failed to give the relevant notice under this subclause.

'Clause 4 is the next one, and subclause (1) reads as follows:—

The vendor shall sell and the purchaser shall purchase—

(a) The brick stocks of the vendor—

Mr. O'Neill: What about taking it home to read?

Mr. Graham: What about some of you mugs over there reading it? Not one of you back-benchers has taken the trouble to read it!

The SPEAKER (Mr. Hearman): Order!

Mr. Graham: That is a fact.

Mr. BRADY: I wanted to take it home to read when I applied for the adjournment of the debate this evening, but the Government members denied me that right. I am not here representing Jack Brady: I am here representing the electors of Western Australia. They read *Hansard* and they want to know what is contained in this agreement; and therefore I am endeavouring, by having my remarks published in *Hansard*, to give them some idea what the agreement does contain.

Mr. O'Neill: Are you going to read all of it then?

Mr. BRADY: As far as I am concerned I am going to read all of it for the benefit of those who will be able to study it when it is printed in *Hansard*, regardless of whether the Royal Commission is appointed or not.

Mr. Mann: How many people read *Hansard*?

Mr. BRADY: Intelligent people read it, but I do not know how many people in the Avon electorate read it.

The SPEAKER (Mr. Hearman): Order!

Mr. Curran: Why do not some of the Government members read it?

Mr. BRADY: As I was saying, subclause (1) of clause 4 reads—

The vendor shall sell and the purchaser shall purchase—

(a) The brick stocks of the vendor and the work in progress (referred to in paragraph (g) and (h) respectively of clause (1) hereof) as at the take-over day valued as at that day and for the purpose of fixing respective values of same the basis of any method of valuing shall not be a higher or greater basis than that used by the vendor in its method of respectively valuing same as at the 30th day of June, 1960; and

(b) The general store trading stocks (referred to in clause 1 (1) (i) hereof) at a valuation which if not mutually agreed between the vendor and the purchaser within two (2) months of the take-over day shall be made by such

competent valuer as they may appoint or failing agreement as to such appointment then by two competent valuers one to be appointed by each party or by an umpire appointed by such valuers should they fail to agree.

(2) The purchaser shall pay to the Treasurer (on behalf of the vendor) at Perth the total purchase price for the bricks, stocks, work in progress and the general store trading stocks referred to in paragraphs (a) and (b) respectively of the preceding subclause by seventeen (17) equal successive yearly instalments on the first day of July in each of the years 1966 to 1982 (both years inclusive) and shall also pay to the vendor at Perth interest on the total purchase price computed in the manner at the relevant rate and at the time specified in clause 2 (2) hereof for the payment of interest on purchase money.

Clause 5, subclause (1) reads as follows:—

In view of the extreme difficulty in assessing by the take-over day the true value of the vendor's trading stocks (being timber and hardware stocks) as at that day the vendor and the purchaser agree that the vendor shall retain ownership of such stocks and place them on consignment with the purchaser pending the purchaser's acquiring the ownership thereof or disposing thereof. The vendor shall not without the consent of the purchaser itself sell or dispose of any such stocks or any part thereof on or after the take-over day and the purchaser agrees either to acquire the ownership of or to use its best endeavours at all times to dispose of the said stocks. The purchaser at its own expense agrees pending such acquisition or disposal to safeguard and record all such stocks and the acquisition or disposal thereof until completion of action under subclause (6) of this clause. The purchaser will also pay to the vendor on request from time to time the amounts of the net premiums payable by the vendor in effecting as from the take-over day and maintaining the insurance of the vendor's trading stocks against fire on a monthly declaration basis up to the amount of the first Three Hundred and Fifty Thousand Pounds (£350,000) (including discount) reduced by the amounts received by the purchaser on account of the vendor in respect of acquisition or disposal of the vendor's trading stocks with monthly adjustments of premiums.

So it would appear by this clause that the Government is making available to this company all the stock in the yards of the State Building Supplies on a consignment basis. In other words the Government is

providing stock for the company to trade with; which is another concession, in addition to those already given to the company and to which members have referred. Subclause (2) of clause 5 states—

Upon the purchaser acquiring or disposing of any such stocks the purchaser will become indebted to the Treasurer (on behalf of the vendor)—

- (a) for the price thereof as appearing in the vendor's accounts as at the take-over day less a discount of 10 per centum until the total indebtedness under this subclause reaches the sum of Two Hundred and Fifty Thousand Pounds (£250,000) inclusive of the said discount;

So it appears to me that in addition to the company having this stock to handle on a consignment basis it is going to get it at less 10 per cent. Paragraph (b) of subclause (2) of clause 5 says—

- (b) for the price thereof as so appearing less a discount of 20 per centum in respect of all then remaining stocks other than karri timber stocks which shall be subject to a discount of 25 per centum.

Members will see from the above that the company will get a discount of 20 per cent. in respect of all stock with the exception of karri on which it will get the generous discount of 25 per cent. I do not suppose any consignment stock in the whole of Australia has been taken over by any company on such generous terms. To continue with the agreement—

Provided that the basis of any method of valuing used in fixing any such price shall not be a higher or greater basis than that used by the vendor in its method of valuing such stocks as at the 30th day of June, 1960.

(3) In the event of the purchaser advising the Treasurer (on behalf of the vendor) at any time that in the purchaser's opinion the book stock price less the relative discount above referred to is too high for any particular item or items the Treasurer (on behalf of the vendor) agrees to negotiate with the purchaser with a view to agreeing upon a lesser price. In order to complete such negotiations the Treasurer agrees to authorise one or more of his officers to negotiate in respect of such price reductions.

In effect that clause says that in the event of the purchaser disputing the value of anything in the whole of this take-over the Treasurer can authorise his officers to go along and agree to another valuation.

The SPEAKER (Mr. Hearman): The honourable member has another five minutes left.

Mr. BRADY: The agreement continues—

(4) The purchaser agrees to supply to the Treasurer (on behalf of the vendor) within the thirty (30) days next following the end of each calendar month a full and accurate return of the quantity and the purchase price such stock acquired or disposed of as aforesaid during that calendar month.

Mr. Court: That is the best material he has ever had for a speech.

Mr. BRADY: To continue—

(5) The purchaser shall pay to the Treasurer (on behalf of the vendor) at Perth the purchase price for stock so acquired or disposed of by seventeen (17) equal successive instalments on the first day of July in each of the years 1966 to 1982 (both years inclusive) and shall also pay to the vendor at Perth interest on the purchase price for stocks calculated as from the end of each month in which the stocks are acquired or disposed of as aforesaid in the manner at the rate and at the times specified in clause 2 (2) hereof for the payment of interest on purchase money.

So in addition to getting the concern at 5 per cent. and 4½ per cent. respectively the company will also get any stocks it might purchase from the Government at the magnificent interest rate of 5 per cent. and 4½ per cent. The agreement continues—

(6) Unless otherwise mutually agreed between the Treasurer (on behalf of the vendor) and the purchaser, the purchaser will not later than two years nine months after the take-over day negotiate with the vendor for the purpose of agreeing upon a substituted purchase price for such of the vendor's trading stocks as shall then remain on consignment with the purchaser and the purchase price so agreed shall be paid by the purchaser to the Treasurer (on behalf of the vendor) by seventeen (17) equal successive yearly instalments on the first day of July in each of the years 1966 to 1982 (both years inclusive) together with interest in the manner at the rate and at the times specified in clause 2 (2) hereof for the payment of interest on purchase money.

It appears to me that if at the end of two years nine months the stocks are not all sold, the purchaser will be able to take them over and pay them off in 17 equal instalments commencing from 1966, at the generous interest rate set out in clause 2 (2).

Mr. Roberts: I did not get that last paragraph. Will you read it again?

Mr. BRADY: I will let the honourable member read it when I have finished.



Mr. Graham: He cannot read.

Mr. BRADY: The agreement continues—

If at the expiration of the three years next following the take-over day the vendor and the purchaser have not agreed upon the price payable by the purchaser for such unsold stocks then the vendor shall have the right to dispose of such unsold stock—

- (a) by public tender in which event the purchaser shall be entitled to tender a price for such stocks;

The member for Warren asked when the next bargain sale would be on. I am afraid the honourable member will have to wait three years. If these stocks are not sold by that time, that will be when the bargain sale will be held. To continue with the agreement—

- (b) by private sale in which event the vendor shall give to the purchaser the first option of purchase at any price at which the vendor is prepared to sell to any other purchaser.

and in either event the purchaser shall do all reasonable acts matters and things to facilitate the sale by the vendor and the removal of such stocks from the land or lands whereon the stocks are for the time being situate.

The SPEAKER (Mr. Hearman): Order! The honourable member's time has expired.

#### *Extension of Time*

Mr. W. HEGNEY: I move—

That the honourable member's time be extended.

Motion put and negatived.

Mr. BRADY: Without continuing, Mr. Speaker, I would like to say that I was up to page 9 of the agreement.

The SPEAKER (Mr. Hearman) Order! The honourable member cannot continue his speech.

#### *Debate Resumed*

Mr. W. HEGNEY (Mt. Hawthorn) [12.20 a.m.]: It is all very well for members opposite to smile and snigger when I move for an extension of time.

Mr. Bovell: You are making a farce of Parliament.

Mr. W. HEGNEY: As a member who does not believe in discrimination in regard to debates in this House, I tried to assist the member for Guildford-Midland by moving for an extension of time so that the terms of the agreement could be recorded in *Hansard*. The agreement was only tabled yesterday, and I have not had the opportunity to peruse it.

It is the duty of the Government to ensure that all members be given the opportunity to study the agreement so that we will know what it contains. The Minister did make a report in the Press soon after the agreement was made; that was some time ago. The agreement became effective from the 1st July last. The least the Minister for Industrial Development could have done on behalf of the Government was to provide every member with a copy of this very important document when Parliament met on the 3rd August. That was the reason I moved for an extension of time.

Mr. Brand: That was not the reason at all. You are making a farce of Parliament.

Mr. W. HEGNEY: The Premier is mumbling something. It is apparent by his silence that he is not aware of the implications of the agreement. It appears the Minister for Industrial Development was able to pull the wool over his eyes; but the Minister would not have been able to pull the wool over the eyes of the Deputy Premier if the latter had been in this State before the agreement became effective.

I am surprised that an agreement of so great significance has not been commented on by the Deputy Premier. If he, as Leader of the Country Party in this Parliament, knew all the ramifications of the sale he would agree to the appointment of a Royal Commission.

I have not had the opportunity to study the agreement tabled by the Minister for Industrial Development, but I am satisfied by the statements made by my senior colleagues who have had the opportunity to do so, that the equity, the justification, and the honesty relating to the ramifications of the discussions which culminated in the agreement are open to grave doubt. The Government should welcome a Royal Commission to vindicate its action and to indicate to the people of this State that there is nothing to hide.

I do not want to quote from the agreement, because one cannot just read the clauses without having had the opportunity to study them. However, I want to quote briefly from *Hansard*. On the 10th August, the Minister for Industrial Development stated on page 185—

Mr. Court: What is even more important is the fact that the public of this State endorsed that policy—

Mr. Tonkin: Yes; that is right—to sell at a fair and reasonable price.

Mr. Court:—by electing this Government. In order that there would be no allegation of “behind-the-scene” dealings in this matter, the Government went to the trouble of advertising, in every capital city in Australia, on the 18th May, 1960, the fact that it was prepared to enter into negotiations for the sale of the State Building Supplies to private enterprise.

I have said before, and I repeat, that the Government has not taken all the requisite steps to ensure that a fair and reasonable price was guaranteed for the sale of this very important asset of the State. It did not call for tenders in Australia or overseas. Negotiations with this company had been proceeding for some time. I am not blaming the company one iota for having taken over this instrumentality. I agree with the remark of the Leader of the Opposition when he said that the company finalised a very good deal. To my mind the Government of Western Australia has let the people down. I repeat what the Minister said on the 10th August—

In order that there would be no allegation of "behind-the-scene" dealings in this matter, the Government went to the trouble of advertising, in every capital city in Australia . . .

In order to ensure that the Government cannot be accused of adopting behind-the-scene methods, a Royal Commission should be appointed to investigate all the conditions in this agreement.

The SPEAKER (Mr. Hearman): I draw the honourable member's attention to the fact that this is a debate on the amendment on the amendment, which relates to specific words being added.

Mr. W. HEGNEY: I am discussing the amendment on the amendment which refers especially to the significance of the details of the agreement in connection with the sale of State Building Supplies.

The SPEAKER (Mr. Hearman): The honourable member has to discuss this agreement.

Mr. W. HEGNEY: I am discussing the agreement as far as I am able to in the limited time at my disposal. I have not had the opportunity to study the 25-page agreement, because it was only tabled yesterday although Parliament met on the 3rd August. I presume that private members opposite, too, have not had the opportunity to peruse the agreement.

What I am about to say refers to the amendment on the amendment, because the following extract of the speech of the Minister for Industrial Development, recorded on page 186 of *Hansard*, relates specifically to the agreement which forms the subject matter of the amendment on the amendment before us. He stated—

The big feature about this sale is that the Treasury, from now onwards, will not have to dip into its pockets to keep the undertaking going. In fact, the reverse will now apply.

I shall only deal with a few aspects of this agreement. This quotation of the Minister is entirely misleading. He said that from now onwards the Treasury will not have to dip into its pockets to keep the undertaking going. Of course it will not if it does not own the undertaking

after the undertaking has been given away. I believe sincerely that from now onwards the Treasury will, out of both revenue and loan funds, have to dip into its pockets to pay increased prices for timber, cement, and bricks as a result of this agreement. These are basic building materials which are used by the Public Works Department in large quantities. Although the Government will not be paying out loan funds to carry on the operations of State Building Supplies, it will be paying in another way in increased prices for building materials.

Mr. Court: This is getting to be tedious repetition.

Mr. W. HEGNEY: Reports have indicated that the bigger sawmilling companies in this State have formed themselves into an association which determines the price of timber. I have no doubt the Hawker Siddeley Group will join Associated Sawmillers. No price-fixing authority or any other statutory authority will determine the price of railway sleepers and the other types of timber, or other building materials. Who then will determine the prices? Associated Sawmillers, of course. The prices will be determined by that association and the Government will have no alternative but to pay increased prices from time to time. That is quite evident. So when the Minister tries to justify his action in signing this agreement by saying no loan funds will be required in the future, I am quite satisfied the Government will pay in other ways.

Now I come to the matter of sleepers. I am not going to quote from the agreement in detail, but it appears that the Government will be obliged to take from the company a certain number of loads of timber—I think 9,000 loads per year for a period of 10 years—and as far as sleepers are concerned the minimum price will be £21. That price will be subject to variation on account of royalty and basic wage adjustments.

I now come to the important factor, which is the determination of the price for sleepers. That price will be the weighted average of the tenders for a period of one year, so far as I can make it out. There has been evidence for a period that the associated sawmillers of this State have engaged in collusive tendering, level tendering, or—to use another term which is supposed to be polite—"conscious parallelism."

There is no written agreement—there is nothing in writing—but there is a gentleman's understanding in regard to the price. Therefore, one can use the term "collusive tendering," "level tendering," or "conscious parallelism." Some member of the Government may be prompted to say there is legislation on the statute book to ensure that this agreement can be carried out, and that the Government can be

protected. I tell the Premier, the Minister for Industrial Development, or the Minister in charge of the Trade Associations Registration Act that that legislation will be innocuous as it stands now and that there will be no protection for the Government nor, indeed, for any of the other consumers in the State.

I will now deal with the three principles which the Minister has, on innumerable occasions, set out as being those which would apply if State assets were to be disposed of to private enterprise. The first is that a fair and reasonable price be obtained.

Mr. Ross Hutchinson: You tell us.

Mr. W. HEGNEY: The Minister had better stick to crayfish. I believe from the misleading statements which have been made by the Minister for Industrial Development, and from his sometimes contradictory interjections, that a fair and reasonable price has not been obtained by the State for this undertaking. The continuation of the industry within the economy of the State is another condition to be imposed in the sale of State trading concerns.

I heard the member for East Perth, who has had the opportunity of examining the agreement, indicate to the House—and the Minister for Railways can refute the statement if he wishes—that after a period of seven years the purchaser can dispose of the whole of the undertaking without any restriction or restraint whatsoever on the part of the Government. If the Minister says that that is not so, I would like to know for how long this company will be obliged to carry on.

Now I come to the third point, which has exercised my mind since the first parrot cry—protection of the employees—was coined by the Minister for Industrial Development. I do not think the Premier, the Minister for Agriculture, or the Minister for Works would do it. We have heard on a number of occasions that the employees would be protected, and the Minister has interjected on occasions saying that the unions are happy with the arrangements made. The unions are not happy.

I propose to read portion of the agreement because it does not deal with products or timber, but with human beings and human relationships, and these are important to me. It reads as follows:—

The purchaser will use its best endeavours having regard to its method of operations to retain in its employment all persons in the vendor's employment on the take-over day.

Should the purchaser determine upon the dismissal from its employment of more than ten (10) employees from any individual site of operation in any one month during the first year after the take-over day the purchaser will at least one (1) month

before giving notice of dismissal to any such employee discuss such determination with the Minister for Industrial Development in the Government of the said State so as to enable the said Government to endeavour to find alternative employment.

That is the only protection the employees have; yet we were led to believe for approximately two years that if the Government decided to dispose of any of the assets the employees would have their services and continuity of employment protected. That was a very clear and definite implication by the Minister for Industrial Development, particularly as conveyed to this House and to the public on a number of occasions. The Minister for Works also, on a number of occasions, has taken up the parrot cry and assured the public that employees would be protected.

As far as the men are concerned, we find that the mountain has laboured and brought forth a mouse. One could drive a horse and dray through this part of the agreement. The purchaser can dismiss nine men from any site at any time and it has no obligation to advise the Minister for Labour so that he can try to obtain alternative employment for them.

With other members on this side of the House, I have been waiting for two years to ascertain just what the Minister for Industrial Development and his Government mean by the phrase "protection of the employees." I have said before, and will repeat it again, that the Government would sell the State's assets for a song in its anxiety to carry out its policy of putting the skids under the State instrumentalities. The Government would not hesitate to dispose of State undertakings even if it obtained a price less favourable than that being obtained on this occasion.

So far as the continuation of the industry within the economy of the State is concerned, that is just a hollow phrase. The phrase, "protection of the employees" is something that is intended to tickle the ears of the employees in the hope that they will believe it.

Statements have been made that employees of the State Building Supplies are to have their services dispensed with. It is evident that now the agreement is signed the company is entitled to do that. There is a clause in the agreement which indicates that the company shall not be interfered with in any way in its dismissal, demotion, or promotion of employees.

Having examined the principles under which State undertakings are to be disposed of, we find that they are nothing but so many phrases. This was done to try to mislead the people into believing that when a State instrumentality was disposed of a fair and reasonable price would be obtained and all the employees would be protected.

I am not going to keep the House any longer; but I repeat in conclusion that I am under no illusion as to what will happen. Unless some effective legislation is introduced to protect the Government and the consumers of this State, the people of the State and the Government will pay, by increased prices, a lot more over the years than would be required if loan funds were allocated from time to time for the continued operation of the State Building Supplies.

It has to be remembered that although the State Building Supplies may make a loss now and again, its existence has been instrumental in maintaining some sort of reasonable prices over the years; and now that this protection has been removed, the field is clear for a number of companies—and there are not many of them—to collaborate and fix their prices. Then the Government and the people will have no alternative but to pay those increased prices.

Therefore I have pleasure in supporting the amendment on the amendment. I say again that I am astounded at the Government's continued refusal to agree to the appointment of a Royal Commission to probe the whole of the terms of the agreement.

**Amendment on the amendment put and a division taken with the following result:—**

**Ayes—23.**

Mr. Bickerton	Mr. Kelly
Mr. Brady	Mr. Moir
Mr. Curran	Mr. Norton
Mr. Evans	Mr. Nuisen
Mr. Fletcher	Mr. Oldfield
Mr. Graham	Mr. Rhatigan
Mr. Hall	Mr. Rowberry
Mr. Hawke	Mr. Sewell
Mr. Heal	Mr. Toms
Mr. J. Hegney	Mr. Tonkin
Mr. W. Hegney	Mr. May
Mr. Jamieson	

(Teller.)

**Noes—24.**

Mr. Bovell	Mr. W. A. Manning
Mr. Brand	Sir Ross McLarty
Mr. Cornell	Mr. Nalder
Mr. Court	Mr. Nimmo
Mr. Craig	Mr. O'Connor
Mr. Crommelin	Mr. O'Neill
Mr. Grayden	Mr. Owen
Mr. Guthrie	Mr. Perkins
Dr. Henn	Mr. Roberts
Mr. Hutchinson	Mr. Watts
Mr. Lewis	Mr. Wild
Mr. Mann	Mr. I. W. Manning

(Teller.)

**Majority against—1.**

**Amendment on the amendment thus negatived.**

**Debate (on the amendment to the motion) adjourned, on motion by Mr. Evans.**

*House adjourned at 12.46 a.m.  
(Thursday)*

# Legislative Council

Thursday, the 17th August, 1961

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The PRESIDENT (The Hon. L. C. Diver) took the Chair at 4.30 p.m., and read prayers.

## QUESTIONS ON NOTICE

### GOVERNMENT BOARDS AND TRUSTS

*Employment Conditions, Annual Turnover, and Number of Staff*

1. The Hon. J. M. A. CUNNINGHAM asked the Minister for Mines:

Referring to the Minister's reply to my question on Tuesday, the 15th August, requesting information regarding boards, trusts, and other similar statutory bodies, will he please supply the required information for the following instrumentalities:—

- (a) Charcoal Iron and Steel Industry;
- (b) Library Board of Western Australia;
- (c) Milk Board of Western Australia;
- (d) W.A. Egg Marketing Board;
- (e) W.A. Potato Marketing Board;
- (f) W.A. Transport Board;
- (g) W.A. Meat Export Works;
- (h) Totalisator Agency Board;
- (i) Metropolitan Market Trust; and
- (j) Abattoirs Board?

The Hon. A. F. GRIFFITH replied:

The information requested by the honourable member is being obtained and will be made available to him as soon as possible.