

person working full time for the State, he is not entitled to draw a pension which is paid to him when he is not working. The very purpose of superannuation is payment to a person who is not working, so that he will have the wherewithal to enable him to continue living at the standard which he has acquired during the years he has been working, or as close to it as can be provided. But to permit that amount of payment to continue, and on top of it pay a full wage because the man is working, is to do something which is a departure from general practice.

The CHAIRMAN: Order! The honourable member's time has expired.

Progress reported.

House adjourned at 10.42 p.m.

Legislative Council

Tuesday, the 13th October, 1959

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

BILLS (9)—ASSENT

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

1. Health Act Amendment Bill.
2. Industry (Advances) Act Amendment Bill.
3. Main Roads Act (Funds Appropriation) Act Amendment Bill.
4. Child Welfare Act Amendment Bill.
5. Road Districts Act Amendment Bill.
6. Municipal Corporations Act Amendment Bill.
7. Motor Vehicle (Third Party Insurance) Act and Traffic Act Amendments Bill.
8. Railways Classification Board Act Amendment Bill.
9. Fatal Accidents Bill.

BILLS (4)—FIRST READING

1. Marriage Act Amendment Bill.
2. Main Roads Act Amendment Bill.
Received from the Assembly; and, on motions by the Hon. L. A. Logan (Minister for Local Government), read a first time.
3. Builders' Registration Act Amendment Bill.
4. Country Areas Water Supply Act Amendment Bill.
Received from the Assembly; and, on motions by the Hon. A. F. Griffith (Minister for Mines), read a first time.

TOURIST BILL

Assembly's Message

Message from the Assembly received and read notifying that it had agreed to the amendments made by the Council.

ART GALLERY BILL*Assembly's Request for Conference*

Message from the Assembly received and read requesting a conference on the amendments insisted on by the Council, and notifying that at such conference the Assembly would be represented by three managers.

FIRE BRIGADES ACT AMENDMENT BILL*Assembly's Further Message*

Message from the Assembly received and read notifying that it had agreed to the alternative amendment made by the Council.

**QUESTIONS ON NOTICE
COUNTRY SWIMMING POOLS***Investigation of Costs*

1. The Hon. A. R. JONES asked the Minister for Local Government:

As the reply to my question on Wednesday, the 30th September, 1959, regarding swimming pool estimates and costs, reveals that local authorities have had to find considerable sums in excess of the original estimate, and above the amount of loan applied for, will the Minister ensure through the Local Government Department that local authorities contemplating the construction of swimming pools in the future are advised to thoroughly investigate costs in order that the subsequent applications for loans will be sufficient to meet the requirements?

The Hon. L. A. LOGAN replied:

Yes, I have already given instructions for local authorities to be notified of the need to thoroughly investigate swimming pool costs.

FAT LAMBS*Government Purchase to Maintain Price*

2. The Hon. A. R. JONES asked the Minister for Mines:

In view of the serious position which exists concerning fat lamb prices occasioned by the poor export price, and aggravated by seasonal conditions, will the Government give prompt consideration to purchasing lamb at Midland Junction when numbers reach glut proportions with the intention of—

- (a) maintaining some price stability for farmers;
- (b) providing cheap meat from cold storage to help combat the almost certain shortage in May, June, and

July of next year, thus making a saving to the public?

The Hon. A. F. GRIFFITH replied:

The Government is seriously concerned regarding the fall in the price of export lamb, and would consider any practical proposal which may be submitted for alleviating the position locally. The Australian Meat Board is examining the position on an Australia-wide basis.

WATER SUPPLIES*Position at Point Samson*

3. The Hon. W. F. WILLESEE asked the Minister for Mines:

- (1) Is the Government aware of the serious lack of household water for residents at Point Samson?
- (2) Will the Government give urgent priority to the water supply problem of Point Samson in view of the hot summer months ahead?
- (3) As a temporary expedient, will it arrange to have a water tank erected on a mobile transporter for the particular purpose of supplying these residents with water from Roebourne town water supply?
- (4) Will such facility be constructed and made operative forthwith?

The Hon. A. F. GRIFFITH replied:

- (1) It is realised that storages of household water at Point Samson are low and that some water is being carted from Roebourne.
- (2) The Government will attend to water supply problems as they develop from time to time.
- (3) and (4) Such action is not considered warranted at this stage.

**ADOPTION OF CHILDREN ACT
AMENDMENT BILL***First Reading*

Bill introduced by the Hon. L. A. Logan (Minister for Child Welfare) and read a first time.

PETROL STATIONS*Restriction on Building*

THE HON. L. C. DIVER (Central)
[4.49]: I move—

That in view of the alarming rate of building of new petrol stations and the ultimate consequences on the cost structure of petrol to the public, this House is of the opinion that the Government should closely examine the building policy being practised by the oil companies with a view to introducing some effective form of control.

I want to be as brief as I can, but owing to the seriousness and the consequences of the policy being adopted by the oil companies operating in Western Australia, it will take me some time to explain to the House the salient facts. Firstly, I draw attention to the factors which, in recent years, led to the over-building of service stations by petrol companies; and also to their policy of installing an excessive number of petrol reseller pumps in country districts—a policy which will be continued unless there is parliamentary intervention.

Prior to 1951 the normal laws of supply and demand in relation to the building of service stations existed, simply because they were then built by private investment with a view to their operation as independent retail establishments; and not, as we find today, to give wholesale representation and a throughput regardless of whether or not the outlets are a financial success.

This law of supply and demand used to keep the number of sites within reason, and yet give each of the petrol companies suitable and equitable representation because of the service stations which, prior to 1951, operated on a multiple system of representation. This is an important feature to remember in assessing the need for control in this industry, because it is the insistence of each petrol company that each has solo representation. That brings about the costly extravagance of setting up, say, six to 10 stations in an area where two, three, or four would suffice.

The cost of this policy results in an artificially high price for petrol at the wholesale level, and inevitably leads to higher and higher retail margins to cope with the reduced or low average turnover on the increased number of sites. These are costs which the motorist and the industry carry without being aware of them. We cannot stress too strongly that whatever the excessive cost is in this industry, it is ultimately passed on to the consumers of the various products of the oil companies.

Before moving past this matter of solo representation, I should divert to the findings of the 1956 Royal Commission into this industry—a Royal Commission of which I was chairman. Although inherent weaknesses of one-brand trading were evident, once the wholesaler entered the retail trade, the commission did not consider it necessary to recommend that the system, which operated quite well in respect of individual establishments, should be abolished. But this decision was based on the factor that other of the commission's findings relating to a control authority over new establishments would be put into operation to offset these very weaknesses.

These findings have not yet been acted upon; therefore I believe it is this Government's duty to ensure that the absurd conditions applying up to the time of the report of the above-mentioned Royal Commission are not repeated, with consequential additional cost to the public and instability in the industry concerned. At the moment, however, everything would point to exactly these things happening.

I have referred to the fact that the average member of the public, either as a motorist or through increased costs in industry, generally pays for the excessive number of petrol outlets. No doubt there will be some who will not agree with this contention, claiming that the picture we see is private enterprise, as it were. I think we are all agreed that private enterprise does base, to a large extent, its successful operation on the law of supply and demand; and so it is essential that the law of supply and demand be put into operation to give effect to such competitive theories.

The law of supply and demand, in principle, is that when too many goods are produced, prices come down until those who cannot afford to make the goods at the reduced price stop producing. As over-supply diminishes, prices start to rise. If the prices rise too high, new producers will come into the business; and, if too many enter, there again will be an over-supply and prices will drop. This cycle goes on endlessly, with free enterprise acting as a regulator of the market. There are other phases of this law also, but this is the one with which we are concerned.

Let us look at the law of supply and demand as it applies to service stations. Exactly the opposite effect is taking place. There are too many in the industry; but margins are not being reduced but have to be increased to give the retail operator a living. If, however, there was not a continual over-expansion in the number of new outlets, volume per station would rise; the margins would hold; and the product would, therefore, be sold more cheaply to the consumer.

Of course, the law of supply and demand presumes that no-one is strong enough to prevent its operation, yet we have the perfect picture of this anomaly because the petrol companies are prepared to invest in an already over-supplied retail market, not to operate successful retail sites, but to obtain brand representation and wholesale turnover.

I think that members, particularly those representing country electorates, have in recent months seen this state of affairs going absolutely haywire. Apart from the fact that a constant over-supply of retail outlets will have the effect of forcing up the retail operating costs, there is no doubt that the actual costs met by the wholesaler

in erecting excessive numbers of petrol stations are ultimately reflected in their prices; and so the public has to meet both these costs, although not always are they aware of the expense to them of the one-brand system of marketing.

If the exhaustive inquiry conducted in this State in 1956 is not sufficient to convince members of these facts, I would refer them to similar inquiries in other parts of the world which have come to the same conclusion in principle as did the Honorary Royal Commission in this State. In particular I would refer to the report of the McDonald Royal Commission of British Columbia, which was the most comprehensive Royal Commission to deal with the service station side of the petrol industry, which it did during its overall inquiries into the respective costs of gasoline, crude oil, and coal. The synopsis of that report quite clearly indicated that Mr. Justice McDonald, without any doubt, was aware of the wasteful extravagance of one-brand marketing; and although this report was presented in 1936, it referred to a very similar set of circumstances to those which are applying in Australia today.

The reason for this is that one-brand marketing was introduced during the 1930's into America and Canada; but not until the post-war years was it introduced into countries such as Australia, South Africa, and England. The relevant extracts from the synopsis read as follows:—

There is no substantial difference in the quality of gasolines sold under different names and labels, and costly advertising is not based on real differences in quality.

Consumers of gasoline have for many years been paying excessive prices for gasoline to enable the oil companies to sell heavy fuel-oil at a loss. Gasoline users have therefore been paying in effect a bonus to heavy fuel-oil users, not to benefit, but to impair the local coal industry.

Gasoline is sold and distributed by wasteful and extraordinary methods to a marked degree.

The retailing of gasoline should be conducted independently of oil companies. At present this branch is a medium for advertising, and part of a costly price structure.

The major oil companies control all branches of the industry from oil well to the service-station, thus narrowing the field of competition. This is known as the integrated system. It enables them to fix, control and maintain prices in all branches of the industry.

The oil companies own, control, or hold under 100 per cent. agreement, approximately 93 per cent. of the gasoline retail outlets in the Province. In the main, service station operators conduct their business including sales of accessories as the oil companies dictate.

Extravagant wholesale and retail costs are mainly due to company ownership and control of service stations and to the integrated structure of the oil companies.

There are about five times too many service stations and retail outlets in the Province of British Columbia.

With the exceptions mentioned in the report, the sale of gasoline should be confined to garages as incidental to that general business; and to bona fide independent service stations equipped with competent motor mechanics, and which are in effect small garages.

The service station as now conducted is an uneconomical and wasteful method of marketing and distribution, and is in effect a means of price regulation and advertising for which the consumer should not have to pay.

So members will see that as far back as 1936 in Canada there was a very similar set of circumstances to that which we have in Western Australia in 1959. Following the 1956 Royal Commission, and probably anticipating that the evidence had conclusively shown that there were too many service stations, some at least of the petrol companies increased their building programme even further, expecting that there may be restriction of their activities once the report came forward. Therefore, apart from the picture that confronted the commission at the time of the inquiry, there were shortly after that time an added number of sites with which to contend.

To a degree this over-building was alleviated by a truce among the companies between 1957 and 1959; that is as far as the metropolitan area was concerned.

Members may recall that the Royal Commission recommended a freeze on the erection of service stations for a two-year period, and after that two-year period they were to be established only after investigation by the control authority to which I have previously referred.

Each of the companies had called a truce on building in the metropolitan area following negotiations with the retailers' organisation—the West Australian Automobile Chamber of Commerce. This happened as soon as it was clear that legislation would not be invoked to ensure that such a freeze would come about. There was no restriction on building in any country centres, however, and they continued to receive a proliferation of new outlets.

In other Australian States there was no restriction on building either by legislation or negotiation between the companies, and this led, in many quarters, to similar concern to that which had been evident in this State up to the time of the Royal Commission. This concern led to other State Governments investigating the matter; and

in Queensland it was finally decided to legislate to control the position. It is unnecessary for me to reiterate what happened in that State except to say that the petrol companies proved the power they wielded during the discourse on that legislation.

Of more recent date considerable concern has been shown in the South Australian Parliament; and the New South Wales Government has announced its firm intention of bringing about legislation to control the position there. As soon as these moves became apparent to the petrol companies, they decided that voluntary rationalisation would be preferable to legislative control; and they therefore announced on the 3rd July of this year their intention of restricting the number of new service stations to be erected in Australia over the next three years.

Unfortunately, their plans to restrict applied as from the 1st September, giving each of the companies some two months in which to get started on new stations which would therefore be under construction and not part of the rationalisation proposals. It is, therefore, a rather incredible fact that a rationalisation plan has brought forth a greatly accelerated building programme. I understand that similar conditions apply in all States of Australia; and I have a list here of some 70 service stations or new petrol outlets which have been created since the announcement of the rationalisation programme. There could be others which I have not listed; and I am pretty certain that there are many more than 70, because I have not been able to get the up-to-date figures. The figure of 70 is a very conservative one.

I would like to say in dealing with that aspect of the situation, that when the Royal Commission of 1956 was considering this matter, it had evidence placed before it that in the metropolitan area there was a total of 410 outlets. There has been an increase of 85 in the metropolitan area during the alleged freeze period. Therefore, members will have some opportunity of seeing just how the petrol companies honoured their word when they said they would ration and control the industry.

I think all members of Parliament in country electorates will be aware of the activity to which I refer, and I am sure they will agree that many country centres have been over-pumped when the available gallonage is considered in relation to the number of petrol outlets. It is worthy of recalling that most of those country communities were already over-pumped before new outlets were created.

The 70 outlets total considerably more than the total envisaged in the industry's own plan for the next three years. As I have stated, I have listed many of the new outlets, and they range all over the State. Many members will have seen new petrol

pumps installed in vacant paddocks with a view to the erection of petrol stations some time in the future. Evidently, each company considers that, having installed the pumps—even in a vacant paddock—it has a site under construction, and one which does not fall within the category of the celebrated rationalisation plan.

New sites either by the erection of service stations or the installation of pumps in front of stores, etc., can also be found in the larger country centres. As examples, I quote Bunbury, which the Commission in 1956 decided was then already heavily over-pumped, and where at least four new stations are being built; Busselton, which was in a similar position, and which has received some five or six new outlets; Geraldton, which is reported to have some seven new outlets in the course of erection.

In some of the country centres where primary producers form the bulk of the community and therefore buy most supplies in drums, new outlets have been created even though existing sites are selling no more than four or five hundred gallons per month, which would gross the operator some £9. Instances such as these can be found in Carnamah, Dumbleyung, Goomalling, Greenbushes, Margaret River, Merredin, Mingenew, Moora, Mullewa, and in many other centres. As a matter of fact, I could have added Northam to those because at Northam they are springing up like mushrooms.

At this stage I should refer to the savings that have already been made for the motorist in this State through the petrol margin not having had to be increased, due to the comparative stability which was brought about following the findings of the 1956 Royal Commission. It has been conservatively estimated there has been a saving to the motorist of £600,000 because the petrol retailers in this State have been operating on a margin of 4½d. gallon as against the 5½d. a gallon permitted in the other States, except Queensland where price control is in operation.

In those States even a margin of 5½d. is proving inadequate because of overbuilding; and recently an attempt was made to increase the New South Wales margin to 6½d. a gallon. This proposal was stopped by the New South Wales Government which, however, as I previously mentioned, has decided to bring in some form of regulation because of the high cost to the public of the excessive numbers of service stations being built.

That the retail trade in this State has been able to hold the retail price down by at least one penny for some four years, resulting in the saving aforementioned in comparison with other States, has been of practical benefit to motorists and industry generally. To-day, however, retailers are faced with an inevitable increase to their operating margin if the impetus of new site building continues to reduce their average throughput.

I would say that in those figures I have just mentioned, we were dealing only with the throughput from the pumps. Over the last four years there has been an average of somewhere about 70,000,000 gallons of petrol sold annually in Western Australia. We do not know for sure but there would be somewhere near half the total sold through the retail avenues by way of pumps to motorists; and the remainder would go to different industrial firms in bulk lots both delivered into tanks or taken in drums. Therefore, although we speak of a saving of £600,000 a year to Western Australia, we could quite easily say conservatively that it is about £1,000,000 through the activities of the commission of which I had the honour to be chairman.

I think it highly pertinent that the daily Press throughout Australia, which has been pro-oil company, appears to be having a second look at the high cost of the one-brand petrol system. I refer members particularly to a pertinent article written by the financial editor of *The Sydney Morning Herald* in the edition of the 21st May, 1959. It followed a spate of newspaper articles and editorials challenging the commonsense of this building programme. The article reads as follows:—

High Price of Glamour.

In the last four years, while the smart new one-brand service stations standing back behind their vast total acreage of asphalt apron space have become such prominent features of the landscape, the New South Wales retailing price margin on petrol has risen by 80 per cent., that is 3½d. to 6½d. a gallon. In the same four years average wage costs have risen by about 12 per cent.

On the other hand, the consumption of petrol has grown by 37 per cent. a pretty handy and adequate increase in turnover to take care of rising costs.

The Hon. H. K. Watson: Did they say by how much their advertising rates had increased over the same period?

The Hon. L. C. DIVER: The article goes on—

Yet in this four years, the prosperity of the men running the service stations has sharply declined, according to one's observation. The selling value for the goodwill of petrol stations has suffered a spectacular slide in many cases down to nothing at all.

Old Laws.—All this amounts to prima facie evidence that the public—not only the motoring public but consumers of all items in which petrol enters as an item of cost—is paying dearly for the proliferation of one brand stations.

Old-fashioned economic laws have not applied in the setting up of many of the new stations. The existing petrol traders in a particular area, or

a particular street, may already be feeling a stiff breeze of over-supply when yet another station is opened alongside them so as to give one more company's brand an outlet in the locality.

Over-supply of services is followed by a condition of yet more over-supply. Excessive competition, when it takes this form, compels increases in price for the service, instead of the price cutting which the copybooks say should follow from competition. It has produced an 80 per cent. increase in four years that has no relation to the normal cost movements in the economy and gives little guarantee that the rate of 20 per cent. yearly rises in petrol retailing margins may not have to be continued in the future.

The distributing companies are having to pay particularly high prices for their new sites in this land-hungry period. That is part of the great capital cost of the stations that is eventually being passed on to the public.

A consequence of over-supply is that most stations and the people who man them are not being fully occupied—the petrol distributing companies say they are thinking of conditions ten years ahead. Meanwhile the spare time on the hands of the station operators must not be diverted into doing major car repairs or into selling used vehicles, occupations which might affect the appearance and advertising appeal of the single-brand stations.

Wholesaling.—The petrol companies have often put forward counter-arguments on the question of the cost of the one-brand system to the public. Their main point has been that the system permits savings in the costs of wholesale distribution of petrol—fewer bowlers and a bigger volume of bulk deliveries by truck per day per company.

One qualification to this theory is that if the absolute numbers of one-firm stations keep rising long enough, then even the number of bowlers and the number of truck-stops that have to be made will rise. But even if we concede something to this point about wholesaling economies (quite unprovable by any reduction in the price of petrol) it seems slight compared to the hoisting of retail costs that is staring us in the face.

I think that is one of the best articles I have ever read since I became interested in the retailing of petrol. The only comment I wish to make is that, as far as I and the commission of which I had the honour to be chairman are concerned, it is three years too late. If other newspapers throughout Australia had been as outspoken as the financial editor of

The *Sydney Morning Herald* was in that article, we would have got somewhere by today.

Recently, while on the Reso trip with the parliamentary delegates to the Commonwealth Parliamentary Association, I had the honour to meet some members from New Zealand, and mention was made of the position here in regard to the selling of petrol. I was introduced to one of them who was an ex-Minister of the New Zealand Government. He is a member of the Country Party, and in New Zealand the Country Party is looked upon as the Tory Party. He said, "You will get nowhere until you do as we did—license them." There are other facets to the problems in the petrol industry; and, briefly, I would draw attention to one that will inevitably arise each and every time a new petrol company wishes to extend its operations to Western Australia.

New companies cannot become established with cheap initial costs on existing stations, because they are all tied, or are all owned by the opposition companies at present here. This means, therefore, that any new company which wants to commence operation must, at terrific expense, establish a chain of new outlets of its own, so adding confusion upon chaos. That establishing of marketing in this manner is expensive cannot be denied; and I would quote as proof of this contention recent annual reports from two petrol companies, one of which has been endeavouring to establish a market in the Eastern States of Australia. I quote—

Total Oil Products (Australia) Ltd. had established in business at about the time of the large-scale change-over by the major oil companies to solo marketing, said the chairman, Mr. A. E. Davis, at the annual meeting on 16th June.

This development was unexpected and resulted in the company, as a modest newcomer, being involved in a great and immensely costly struggle to secure sufficient outlets to enable it to survive, he said. Expenditure of millions of pounds over a long period would be involved.

"It is probable that this will be the last general meeting which the company will hold as a public company at least for some years," Mr. Davis said.

A man who has been operating an oil company and has been trying to break into the oil industry in Australia has stated, according to that article, that it takes millions of pounds to do it; yet we have several companies trying to do the same thing in this State. The other article I wish to quote on the cost of oil distribution is by Petrofina in its annual report. The article reads—

Oil Distribution Attack: An attack on "Unhealthy Competition" in the distribution of petroleum products is

made by the board of Petrofina, South Africa, in their report on 1958 according to the *Garage and Motor Agent* of England.

The Petrofina group comprises 50 individual companies operating in 20 different countries of Europe, Africa and America, so the report ranges over the world. It states that 1958 was a difficult year for the oil industry and comments that it was on the distribution side that competition was keenest.

Some companies, continues the report, have suffered more than others, but generally speaking hardly any markets were spared its excesses. Competition was not confined to prices, but also took the unhealthy form of an excessive extension of credit, the payment of rebates on future deliveries in a lump sum in advance, of taking mortgages on property, and of financial assistance of all kinds.

Large long-term contracts were made at fixed prices appreciably below cost prices, alleges the report.

In many countries the excessive, and often indiscriminate increase in the number of service stations, resulted in reduced sales at existing stations and a corresponding reduction in retailers' profits.

Rise in Retailers' Margin: The continuance of this trend will inevitably result in an increase in the retailers' margin, which will have a repercussion on prices.

If the system of selling through networks of service stations is the one which appears best suited to the interest of the customer, the retailer and the petroleum distributing companies, the wastage through excessive investment in service stations by the companies can only harm their own interests, without serving those of the other parties concerned and, in particular, the interest of the consumer.

Those two comments were made by companies that are actively engaged in this business. The articles show that those companies are unhappy about the state of affairs that exists. The cost of such methods of marketing is borne directly by the public and industry which have to pay an artificially high price for motor spirit.

When it is considered that economy was the basis, or even the excuse used for the introduction of one-brand marketing, the position today becomes, at the least, laughable. It was claimed at the Royal Commission that I have referred to that economies would be effected; for example, through company delivery wagons being able to restrict the number of deliveries as compared with the number made under the multiple marketing system. This theory was based on the proposition that it took, say, five tankers to feed one station selling

the five different brands. Today, of course, because of the over-building it still takes five tankers, but they now feed five stations—one each instead of one between them.

The fact that the retailer enjoys one-fifth of the previous turnover is of little consequence. Yet I would respectfully remind members that these retailers are part of the public, and are therefore entitled to reasonable protection where we find an industry which will not sensibly control its own marketing practices.

The excessive building of service stations is, in itself, leading to other problems which will not only affect the retailer, his business potential, and his economic freedom, but will also detrimentally affect the average motorist. During the 1956 Royal Commission considerable evidence was brought forward by the retailers' association that a further trend of the tied one-brand system would be the introduction of T.B.A.—tyres, batteries and accessories—marketing.

[Resolved: That motions be continued.]

The Hon. L. C. DIVER: Petrol company managers appeared to show remarkable ignorance as to the operation of this system, and each company emphatically denied it had any intention of introducing a tied T.B.A. system, although most of them made a proviso that if their competitors made a move in this direction then they might have to do the same. It is rather remarkable that only three years later we find that two companies have actually tied their tenants to deal only with T.B.A. items from suppliers nominated by the petrol company.

From the trend in the industry it is obvious that other companies are also contemplating making a similar move. As the pressure that can be exerted on the tenant of the petrol company-owned station is considerably greater than that which can be exerted on a freehold station owner, it is obvious that the introduction of T.B.A. marketing is made far easier if the petrol companies themselves own the majority of the service stations. This subject, therefore, has an actual relationship to the new site provision.

Members may well ask how it could possibly affect the motorist if service stations were further tied to the selling of only one brand of tyres, batteries, parts, accessories, etc. The simple fact is that having tied up the retail distribution, the company can extract tribute from any supplier who wishes to sell to the retail outlets concerned.

The petrol company therefore receives a consideration for allowing other trade suppliers to sell on retail outlets which normally they would be quite free to do without payment of tribute to any petrol company. The fact that a tribute of this nature is paid has been conclusively proven

by Parliamentary inquiries in the United States of America; and the Combines Branch of the Monopolies Commission in Canada is also at present investigating these matters.

It is a rather peculiar fact that the petrol companies in both these countries are not permitted to use an agreement to tie the retailer to one brand of T.B.A. items. Yet throughout Australia the same companies are permitted to force upon retailers such restrictive agreements. The alternative for the company lessee, if he does not sign this agreement, is that he will lose the tenancy of his station. T.B.A. marketing by contract is definitely outlawed in America, although some companies overcome this problem by use of the threat of tenancy cancellation.

If we take it that the petrol companies can and do extract tribute to allow representation to other wholesale suppliers of motor trade products, then we must ask ourselves: "Where does this tribute or overriding expenditure come from?" There are only three possible sources and they are as follows:—

- (1) Perhaps from the supplier's normal profits, which in itself is an imposition upon a company which should be free to market its products through normal retail channels.
- (2) It can be deducted in full or in part from the retailer's normal operating margin; or
- (3) It can be added to the price of the product, so reflecting on the average motorist.

These are problems to which we as the people's representatives must give consideration. I have heard it said that if a man is foolish enough to go into a station which cannot pay, that is his own problem. Therefore I have endeavoured to show that apart from financial ruin to the operator concerned, there is also the reflection of increased costs to the average motorist and, indeed, to industry generally by the trends in the service station industry.

When we look at the number of changes that take place in many petrol company-owned stations we must be aware that service stations do not go broke; only the operator goes broke. This surely proves that the normal laws of supply and demand are not operating, because in any other sphere if a certain retail site were constantly the downfall of small businessmen, then it would close up. Yet the same conditions do not prevail with the service station. The petrol company can always find somebody else with high hopes of becoming his own boss, and with a little capital to lose. When it is lost it is of little consequence to the wholesaler concerned, because the site has remained opened; has given the wholesale company brand representation; and has allowed it to make its profit on the wholesale side.

Finally, I draw the attention of the House to the usual answer given when one suggests control in the petrol industry. We are told we are interfering with private enterprise. It is surely evident, however, that reasonable control over the petrol companies—as far as their entry into the retail side of the industry is concerned—is not a restriction on free enterprise but rather a means to free free enterprise.

In conclusion I would like to thank the House for the patient hearing I have been given. This matter is of great moment, not only to the motorists of this country, but to every citizen who believes in free enterprise. I understand that later in the session a Bill will come forward which will give me an opportunity to show the House what the consequences can and will be if we allow this form of marketing to continue indefinitely in Western Australia.

On motion by the Hon. A. F. Griffith (Minister for Mines), debate adjourned.

BILLS (2)—FIRST READING

1. Kalgoorlie-Parkeston Railway Bill.
Received from the Assembly; and, on motion by the Hon. A. L. Logan (Minister for Local Government), read a first time.
2. Companies Act Amendment Bill.
Received from the Assembly; and, on motion by the Hon. A. F. Griffith (Minister for Mines), read a first time.

BILLS (2)—THIRD READING

1. Land Tax Assessment Act Amendment Bill.
2. National Fitness Act Amendment Bill.
Passed.

ELECTORAL ACT AMENDMENT BILL

Second Reading

THE HON. R. F. HUTCHISON (Suburban) [544] in moving the second reading said: The purpose of this short Bill is to make it compulsory for those on electoral rolls for Legislative Council elections to cast their vote. There is no obligation placed on qualified persons to get their names on the rolls, but once on they must vote.

Clause 2 of the Bill provides for the Act to come into operation on the 1st day of January, 1960. In considering clauses 3 and 4 we find that section 156 of the principal Act provides that voting for the Legislative Assembly elections shall be compulsory. These clauses make the necessary amendments to that section so that it will become applicable to elections

for the Legislative Council. A necessary consequential amendment is made to section 3 of the principal Act.

I hope members of the House will consider this Bill with fairness. The reason why I have brought it down is that 23 Bills to amend the Electoral Act have been passed since 1900, but we have progressed very little in making the parent Act what it should be. As this vote is looked upon as a privileged vote and is guarded jealously by members of the Government, I maintain that the only fair thing to do is to see that when a person claims that vote at least he shall be compelled to use it.

It has always been said that the people who own property—those who are entitled to be enrolled because of an electoral privilege—are supposed to be responsible people of the community. However, we find that that is not so, because the number of votes cast at elections is very small indeed. Presently I shall quote some figures in order to give the House an idea of the number of people enrolled and the number who actually vote. In 1839 a committee, comprising public men, was called together to form the Legislative Council. Over the years, the Council has enjoyed a privileged position, with the Labor Party fighting to widen the franchise.

As I have mentioned in this House before, I made a survey recently through five of the suburbs of my province, and I was astounded that the great majority of the people whom I approached did not agree with the franchise of the Legislative Council. I will read the comparative figures giving the total enrolments of the Legislative Assembly and the Legislative Council. The total enrolment for 1958 of the Legislative Assembly was 361,629, and the Legislative Council 150,671. Therefore, there are 210,958 electors who evidently are not allowed to vote in Legislative Council elections. In my own province—the Suburban Province—there are 76,190 electors on the Legislative Assembly roll and 36,150 electors on the Legislative Council roll. So there are 40,040 people who cannot vote in Legislative Council elections.

There may be some people who are entitled to be on the roll and who have not taken advantage of this, but I am assured at the Electoral Office that a 50 per cent. poll would be more than saturation point. That is not democratic, and it is time we did something about it. As I said before, the electors who have the right to vote are supposed to be the thinking people of the community; and for some reason, which we can never fathom, they have more right to vote than the people who are debarred from voting by the franchise of this Chamber. That was shown to be the case in the last election for the Midland Province. If those who were entitled to vote had been compelled

to do so by law, I think the result in that election would have been very different from what it was.

Since the war the position has become more unfair. Up to that time, the person who had property and built up a position in the community applied to be enrolled for the Legislative Council. However, after the war we saw a family necessity. While the person who came back from the war with £1,000 could not build a house because of the shortage of materials, the man who had four or five children and who could not find accommodation was given a home; and he was able to claim a vote as a householder. The man who had a stake in the country—the man who had money—could not obtain a house as there were not enough materials available.

That brought about such a situation that I was prompted to bring down this Bill so that at least those who claim this right to be enrolled will be compelled to use their vote. They should not be allowed to have this privilege while so many thousands of other people who would vote if they were able to are denied that privilege. No one can say that we have a democratic set up. Mr. President, the percentages of the polls tell another story. In 1950 there were 17,188 electors on the Suburban Province roll, and 40.56 per cent. voted. That was the first time I contested the seat. Evidently I was able to spur the electors on a bit. In 1952 there was no Labor candidate; and while there were 15,997 on the roll, only 16.16 per cent. voted.

In my opinion that is a telling figure, because it shows that people here do not value their privilege of voting at all. In the 1953 by-election, there were 22,442 electors on the Suburban Province roll and 51.5 per cent. voted. In 1956, elections were held for both Houses of Parliament on the same day, and Mr. Jeffery contested the Suburban Province seat. There were 25,625 electors on the Suburban Province roll, and because people had to go to the poll 74.47 per cent. voted. That is the largest percentage I can find.

In 1958 there were 36,150 electors on the roll, and 39.02 per cent. voted. That was when Mr. Griffith retained the seat in the last election. These figures show that the right to vote is not valued. I ask members of the House to give consideration to the fact that if a person is on the Legislative Council roll he or she should be asked to value that vote and be compelled to exercise it. I move—

That the Bill be now read a second time.

THE HON. E. M. HEENAN (North-East) [5.50]: This Bill introduces a principle which I think the majority of members in this House can subscribe to. It has nothing whatsoever to do with the

contentious question of the franchise which we have debated over the years; it deals solely with one principle.

The PRESIDENT: Are you seconding this motion?

The Hon. E. M. HEENAN: Yes. I am sorry I did not make that clear. As Mrs. Hutchison has pointed out, and as we all know from personal experience, the average vote in Legislative Council elections is somewhere around 50 per cent.

The Hon. A. F. Griffith: Does it make the result bad?

The Hon. E. M. HEENAN: I do not think that has any bearing on the question at issue. I think it is self-evident in a democracy—especially nowadays when the system of government by democratic means is being attacked and criticised, and is passing through a critical period in the world's history—that when only 50 per cent. of the people who have a right to vote exercise that right, we have reached a very bad state of affairs.

The Hon. A. F. Griffith: What about democracy in Great Britain?

The Hon. E. M. HEENAN: It is a bad state of affairs; and if it does not give members of Parliament a good deal of concern, I will be greatly surprised.

The Hon. A. F. Griffith: What about the democracy of Great Britain? Is voting compulsory there?

The Hon. E. M. HEENAN: For my purposes the democracy of Great Britain can look after itself. I am concerned with the democracy of Australia.

The Hon. A. F. Griffith: Western Australia.

The Hon. E. M. HEENAN: I do not think it is a matter for hilarity, either.

The PRESIDENT: I do not think the Minister is in order.

The Hon. E. M. HEENAN: It is a simple point I am trying to make. We have two Houses of Parliament: The Legislative Assembly with a certain franchise where people are compelled to enrol and vote; and another House of Parliament with a different franchise; and we do not compel the people entitled to the franchise for that House to enrol, nor do we compel them to vote.

This little Bill does not propose to go 100 per cent. of the way in connection with this matter, but only to make it obligatory for those who are enrolled under this system to vote. That seems to be a fair proposition. Is it not fair and reasonable that people who put themselves on the Legislative Council roll—either directly themselves or indirectly through the interest of their member of Parliament and other agents—should face up to their responsibilities and vote? It does not matter who they vote for, but surely it is an obligation of citizenship for them, having

put themselves on the roll, to record their vote. That is the proposition which the Bill envisages.

It seems to me that no harm can result from it. I cannot foresee any possible harm that can arise from the adoption of the principle espoused in the Bill—only good can result. I do not think the composition of this House will be altered one iota because of this measure; but that should have no bearing on the issue, even if it did have that result.

I think we have to look at the institutions of our democracy because they are under severe attack. If people in democracies, who have the inestimable privilege of voting and returning members of Parliament, neglect that privilege to such an extent that only half of them exercise it, then as surely as the sun rises, the day will come when it will be taken from them altogether. Therefore I think this small Bill, with its modest proposals, embodies an important principle which should receive consideration from every member in the House; and I think the more consideration each member gives it, the better prospects it will have of passing and becoming part of the law of the State. I have much pleasure in supporting Mrs. Hutchison in her efforts.

THE HON. J. D. TEAHAN (North-East) [6.4]: I have pleasure in supporting the Bill. When it was first mooted that the vote for the Assembly should be compulsory, I suppose there were as many eyebrows raised as there are now, because it was regarded by certain ones as being as outlandish as the proposal that is now being made.

When local government elections are held, or there is an election for the position of a union secretary, or committeeman, the fact is always deplored if there is only a small percentage vote. How often is it said that such and such a person was elected to a position by only a 7 per cent. vote? When there is a small percentage vote it is never satisfactory. But it does happen; and it happens with our all-important State-wide Legislative Council. At times the vote for the Legislative Council is as low as 40 per cent., and the maximum is around 70 per cent.

What strikes me most about the present set-up is that it almost restricts candidates to those possessed of a fair amount of this world's wealth. So much is this position so that I have often said to people—especially the younger ones—considering nominating for the Legislative Council that three essentials are required for the position: One is time in which to carry out the task of covering the electorate; another is that the candidate must have the finance—and not a little of it—to carry out his duties; and the third is that he must have a good conveyance, and this applies especially to members who represent districts outside the metropolitan area.

Any candidate for a Legislative Council province has, in the first place, to tackle the voluntary job of enrolling the various persons in the province. Having undertaken that task, at no little cost, then there is the enormous job of seeing that those who are enrolled vote. It almost amounts to this, that the person who has the necessary finance to pay helpers to get the people to the poll, is the candidate who has got a lead over the one not so fortunately placed. The point I am trying to make is that the candidate who does not possess the world's wealth to the degree I mention starts off behind scratch.

Regardless of how otherwise he may be fitted for the position—he may have brains; he may be in scholarship class; he may be a university man; he may be a leader—he is handicapped because he suffers under the very difficulty that Mrs. Hutchison is endeavouring to overcome. If we had compulsory voting, as we have for the Legislative Assembly, the limitation I have mentioned would not be noticeable to the degree it is.

The Hon. A. R. Jones: Does the Labor Party enforce a compulsory vote for their pre-election ballot?

The Hon. J. D. TEAHAN: In some cases, yes; but they get a better vote than we do, and more interest is taken in the proceedings. We have no wish to revert to some other order than the one which applies to the Assembly. Why then should we retain the old order in Legislative Council elections where only those who are spurred on to vote, or who are taken to the poll in a vehicle, are the ones who record a vote? They have been given the privilege of being on the roll, so why do they not record their vote? I, with sincerity, support the second reading.

THE HON. R. THOMPSON (West) [6.9]: I support the Bill which, perhaps does not go far enough inasmuch as it does not provide for adult franchise for this Chamber. However, Mrs. Hutchison is attempting to provide that people who go to the trouble of putting themselves on the roll shall be asked to exercise the vote.

I have taken part in many elections over the last 25 years, and on election days the degree of humiliation that some people have to undergo in virtually having to hound electors to vote for their parliamentary representatives is extraordinary. I do not think that is a democratic way of getting votes; and all members, irrespective of Party will agree with that. Those members who represent country provinces, where people have to travel many miles at times to record their votes, will realise that large sums of money have on occasions to be spent to get the electors to the poll.

The position is not so bad in the metropolitan area where we can concentrate on districts to ensure that our candidates

have an equal chance with others of being returned. But in the remote country areas, it is most difficult to get the electors to the poll in order that a candidate may be returned. People living on farms do not go to town every week-end. I am sure that if they knew they were enrolled and had to vote, they would make the week-end during which polling day occurred, the week-end when they went to town, and thus be able to record their votes.

I support the Bill; and I sincerely hope that the country members, especially, who have over the years had experience of what I have been saying, will also support it.

On motion by the Hon. A. R. Jones, debate adjourned.

Sitting suspended from 6.15 to 7.30 p.m.

JURIES ACT AMENDMENT BILL

Second Reading

Debate resumed from the 1st October.

THE HON. R. F. HUTCHISON (Suburban) [7.30]: This is merely a machinery measure to facilitate the administration of the Act and simplify its operation when it comes into force in July, 1960. I do not think there have been any of the dire consequences which were foretold when the legislation was before Parliament; and I am anxious to see the Act put into operation. I repeat that there is a very large number of women in the community who work for all measures for social advancement, and they are all delighted that this legislation is at least in the process of coming into operation.

The Hon. E. M. Heenan: Are they all anxious to sit on juries?

The Hon. R. F. HUTCHISON: Yes. There has been no rush of applications by women to be taken off the list. I can remember that when we put up the first woman candidate for a City Council election, a number of councillors came to me in horror and said, "You cannot put a woman up for election to the City Council, because we have no conveniences at all for a woman." However, they got over that, and the same will apply in regard to this legislation. There are now additions being made to the Supreme Court building, although I do not know whether they are exclusively for women. This opportunity may be taken as an excuse to enlarge the building; I do not know, but I am glad to see that we have progressed so far along the road to full democracy in this matter at least.

The jury list, I understand, will be compiled on a kind of proportional representation basis, and I do not think there is any need to fear that it will not be worked out fairly. I believe that the men who are in charge of this work will do their job properly. I see that there are 21 metropolitan electorates and 220,000 electors involved, and from that number 10,000 persons have to be selected. It seems to me

that, by and large, the position will be very much better than it has been in the past; and I believe the future will vindicate the confidence which the women of Western Australia have had in this legislation. I support the second reading.

THE HON. A. F. GRIFFITH (Suburban—Minister for Mines—in reply) [7.35]: I do not think there is any need for me to comment at length on the remarks of the honourable member who has just resumed her seat; except to say that she said she did not think there would be any need to fear the actions of the men who would be responsible for putting the legislation into operation, because she believed they would be perfectly fair. I assure her that this Government will always do things that are perfectly fair. The honourable member said that there have been no applications by women to be taken off the jury list; and there is good reason for that: There are no lists in existence at the present time. This measure proposes to amend the principal Act in order to set up something which did not previously exist; and that is a satisfactory machinery method of creating the lists to which the honourable member referred. When that is done the whole process of choosing the jurors in accordance with the amendments agreed to last year will be implemented.

The Hon. R. F. Hutchison: It is for an equal number of men and women, is it not?

The Hon. A. F. GRIFFITH: I regret that the honourable member does not, even now, appear to know what is contained in the Juries Act; and I suggest that she read it because, after all, she contends that she was largely responsible for these ladies now being put on the jury list. However, I remind her that that resulted from the findings of the Select Committee. It would be a good idea for the honourable member to read the Act carefully, and then she would know that what she said a moment ago need not necessarily be so.

Question put and passed.

Bill read a second time.

In Committee

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

STATE HOTELS (DISPOSAL) BILL

Second Reading

Debate resumed from the 1st October.

THE HON. W. R. HALL (North-East) [7.40]: In rising to make my contribution to the debate I wish to say, first of all, that I am not very happy about the Bill. I spoke at some length about the Gwalia

State Hotel on the 5th of this month, with regard to certain things which appeared to me to be wrong with that hotel. I cannot understand the desire of the Government to dispose of the State hotels, and this one in particular; and this is a hotel about which I can speak with authority. I have never been inside any of the other State hotels; but I have stopped at the Gwalia Hotel, periodically, over the past 21 years, and I feel that I have some knowledge of what it has been like and how it has been conducted during that period.

Over those years the management of that hotel and the way it has been conducted have left nothing wanting. I repeat, that both the management of the hotel and the service which one got from the management left nothing to be desired. It seems strange to me that the present Government wishes to dispose of this hotel, which has been the means of providing a lot of money to past Governments through the medium of the State Hotels Department. This hotel has always shown a profit.

Some years ago I took out some figures regarding this hotel for a highly regarded citizen of Gwalia, with reference to the time when the hotel was built. I understand that it was constructed in 1902 or 1903 at a cost of either £4,300 or £3,400—I cannot for the moment recall which—and to my way of thinking it has been a goldmine to successive Governments of the day since then. I understand that the manager of the hotel in those days received a salary of about £300 per year, but that is by the way. I notice, from the answers to questions asked in this House a few days ago, that over the last nine or ten years the Gwalia State Hotel has shown a profit of £2,000 per annum, with the exception of 1953-54, when the figure was £3,000 odd.

I repeat that the information given was to the effect that over the years from 1951 to 1959 the profit averaged £2,000 odd; but I do not know how the figures were arrived at, and I would take a shade of odds that administration costs were taken out before that profit was ascertained. The poorest hotel in Western Australia, I believe, would at least provide a living; and this hotel is nothing but a beer house, as it relies almost entirely on the profits from liquor consumed in the bar.

When the State Hotels Department raised the cost of board and lodging to £13 a week, the boarders at the Gwalia State Hotel went over to what is known as the miners' mess, a few hundred yards away. That is an establishment which caters for men working on the mine and provides them with very good board for £4 odd a week, which I consider is a very reasonable charge.

I have nothing to say against the meals provided at the Gwalia State Hotel, because they have always been good, but I could not say that about the accommodation. I spent last Saturday night in a bed there—in a room containing six beds—and it seemed like a community bedroom to me. One has to be pretty hard to sleep in those beds. The bed-clothes, admittedly, were white and clean, but the springs of the bed left much to be desired. That hotel certainly needs repairs. The septic tank system leaves a lot to be desired; and there is a place just off the main bar which is very antiquated.

It is inadequate and out of date. Where the men have to go for their toilet requirements, it is a shambles. The septic tank system needs attention badly. The point about State hotels, including the one at Gwalia, is that a fair share of any profits obtained from them should have been ploughed back, to enable them to be maintained to a standard where they would be an acquisition to any community or to any Government.

I am not going to anticipate the fate of the Bill. In fact, the only factor that is worrying me is that the profit of £2,000 odd a year said to have been made by the Gwalia State Hotel does not appear to me to be correct; and if the legislation which this Government is seeking to have made law is passed, the community of Gwalia, together with the road board, is to be given an opportunity to acquire it either by lease or by some other means. To my way of thinking, the State Hotels Department is shedding some of its responsibilities which it should have shouldered in the past. When the State hotel at Gwalia comes under the jurisdiction of the Licensing Court, the lessee should not be placed in the position of having to spend thousands of pounds to bring the hotel up to the standard laid down by the State Licensing Court. However, I am afraid that is what will happen.

Other State hotels are in the same position, because none of them come under the jurisdiction of the Licensing Court at present. I am unhappy about the Bill. On assuming office, it did not take the Government long to put its policy into effect, but more attention should have been given to the State hotel at Gwalia in view of the fact that it has served a Goldfields community ever since it was first built. The Gwalia hotel is actually a one-mine hotel, and it was built for a certain purpose. Moreover, it is the only hotel in the district where the patrons are afforded the pleasure of being able to purchase and consume Swan lager. If any influence has been applied in the past to allow the residents of Gwalia to enjoy that privilege, I am wondering what will happen in the future if the Government is successful in having this Bill passed.

In clause 3 of the Bill, the following appears—

A community company means a company formed by residents within the district and registered under the Companies Act 1943-1954, whose aims and objects amongst other things shall be to purchase or lease, operate and maintain an hotel within the district for the benefit of that district and whose profits are used amongst other things to provide or maintain, or both, any public amenities within that district.

The same clause also provides that at any time within a period of nine months the road board will have an opportunity of notifying the Government whether it or the community desires to take over this hotel. I would like to know from the Minister whether the road board is to be the only body that will have the opportunity to purchase or lease the State hotel at Gwalia; or whether a group of persons in the community could be given an option to take over the lease or purchase of the hotel.

In other words, I am wondering whether the road board is to have the sole right of being able to purchase or lease the hotel, or whether it can be any other corporate body. As the Bill stands at present, I have no hesitation in voting against the second reading. I feel that, in view of the Government's policy, some further consideration should be given to the object contained in the Bill before any drastic steps are finally taken. On the other hand, if the measure does become law, I shall be pleased to know that it provides that the community or the road board will have an opportunity, within a period of nine months, to consider the matter thoroughly and arrive at a decision as to whether it will be prepared to lease or purchase the State hotel.

THE HON. J. D. TEAHAN (North-East) [7.52]: I will be one of those who will regret the day when the State hotels pass from Government control. I differ from the previous speaker in that I have always had a good word for the Gwalia State Hotel. I know its limitations, but it is a palace compared with some other State hotels. One can always get a good bed and a good meal in that hotel.

The Hon. W. R. Hall: I said that I agreed that one could get a good quality meal in that hotel.

The Hon. J. D. TEAHAN: There may be a reason for the building not being kept in first-class order. I think the reason is that a goldmining community always has an uncertain life because it is dependent entirely on the life of the mine. In fact, this has been so with the Sons of Gwalia goldmine, because on two occasions that mine has had to seek considerable assistance from the Government in order to continue its operations. Therefore, taking

that factor into consideration, the towns of Gwalia and Leonora would not have the same certainty of life as the communities which are dependent on the mines along the Golden Mile.

Recently when I asked a question as to what the profits of the State hotel at Gwalia were over the past few years I would not have been surprised if the reply had been that the hotel had shown losses. I was therefore agreeably surprised to learn that in some years the Gwalia State Hotel made a profit of £3,000; and, in the worst years, a net profit of £2,000. It must also be borne in mind that this State hotel, unlike others, has had to be debited with rather heavy expenses. This hotel has observed every State award and has never been short of staff. The bar and house staffs have always been maintained at the required level. The hotel pays top wages, and the employees have always been granted long service leave. Therefore, when those expenses are taken into account, the net profit of the State hotel, Gwalia, is quite good.

I feel that the Bill will be passed because the Government has a mandate to implement its policy; and, what is more, it has the numbers to ensure that this legislation does pass through Parliament.

It therefore appears that I will have to confine my remarks to the desirability of the provisions enabling the State hotel at Gwalia to become a community-owned hotel. In any case, it has been regarded as a community hotel for as long as I can remember. There will be only one difference if the management of the hotel changes hands, and that is, the profits, instead of being channelled into Consolidated Revenue, will be used for the benefit of the local residents in the same way as they are at Cunderdin. Such profits will no doubt be spent on the maintenance of the bowling green, cricket pitch, tennis courts, children's playgrounds, etc. That is where the profits will go instead of to Consolidated Revenue.

There has always been a happy atmosphere in the Gwalia State Hotel. One cannot help but notice the community spirit that prevails. I will go further and say that this happy atmosphere has been responsible, in great measure, for the efficient labour that the Sons of Gwalia Goldmine enjoys. About 80 per cent. of the men employed on that mine are new Australian—Yugoslavs, Italians and other nationalities. They make up a happy community, and they patronise the State hotel at Gwalia not merely to drink beer, but to converse, read books, play darts, and so on. I am sure, therefore, that it will continue to be a happy hotel.

Mention was made by Mr. Hall of the road board being given priority to acquire the hotel; but I cannot visualise the road board taking over the Gwalia State Hotel. The Bill provides that the road board can indicate, within a period of nine months,

whether the local residents are interested in purchasing the hotel. I hope the road board will not have too much say in that regard, because road boards can have strange ideas on various matters. However, I am assured from what has been said in another place that the interests of the community at Gwalia will be fully safeguarded and its wishes will be met as much as possible. So perhaps the thought that the road board will take over the Gwalia State Hotel is groundless.

However, in anticipation of the Bill being passed I sincerely trust that the community at Gwalia will either purchase or lease the State hotel; and, furthermore, I hope the price will not be too high. When the building is valued it would not need to be done by a city valuator, but by a person who has not only experience in valuing, but also has a wide knowledge of mining, because the goodwill of the hotel is only as good as the life of the mine. I hope, therefore, that a proper valuation of the hotel will be made and that the community will be able to secure it on reasonable terms.

THE HON. J. G. HISLOP (Metropolitan) [7.58]: I support the Bill. I do not think the communities at these various centres will suffer even if the State hotels are transferred to private enterprise. The fact that we have heard so much about the state of these hotels, as they exist today, is evidence of the inability of the Government adequately to conduct them as State trading concerns. It has been illustrated to us in the past that when State concerns of this nature begin to make profits, the profits are immediately taken into Consolidated Revenue instead of being used for alterations, maintenance, and renovations to keep the building up to date.

Once the money is paid into Consolidated Revenue, any request for funds is hampered and is treated on the same level as any other request for finance from the Government. One can imagine that the State hotels would receive very little return from Consolidated Revenue for renovations or other improvements. I have given notice of an amendment to the Bill, because I believe that the person who will purchase or lease a State hotel should know accurately, for at least a period of three years in advance, what is required by the State Licensing Court.

To say to a lessee, "You can acquire the hotel at this price, and you need not make any alteration for 12 months, but when you get a further lease you will only have 12 months to put everything in order," is unfair. That does not confer any advantage on the lessee or on the Government. If I were to buy or lease a State hotel under those terms, I would want it at the lowest cost possible, for the reason that within a short time the Licensing Court could suddenly become very stern and request that the hotel be modernised.

In that event the lessee would find himself in financial straits within a year of taking over the lease. I am not bringing forward this as a hypothetical case, because I know what happened in the past when people bought shops which dealt in small goods, vegetables, and perishables. Having purchased the business for a fixed price, it was not long before an inspector from the Health Department or the Factories and Shops Department demanded considerable alterations to be carried out; but the previous owner was not requested to make those alterations. As soon as a business is purchased, these inspectors seem to regard the new owner as fair game. I have a fear that the same sort of thing could happen in the sale or lease of a State hotel. For that reason I have given notice of my intention to move an amendment.

The Hon. A. F. Griffith: I shall accept it, without it being placed on the notice paper. I have a copy of it.

The Hon. J. G. HISLOP: My amendment will be in the following terms:—

Before a hotel is sold, offered for sale or lease, the Licensing Court shall prepare and make available to the purchaser or lessee as the case may be the requirements of the Court in regard to additions, alterations, renovations, repairs, maintenance and conduct of the hotel covering a period of the ensuing three years from the date of purchase or lease.

That will give the purchaser ample knowledge of what he is liable for in the first three years of ownership. It is only fair to make known the requirements of the Licensing Court before the sale is completed. I support the measure, but I intend to move the amendment in Committee.

THE HON. R. THOMPSON (West) [8.5]: I do not support the second reading of the Bill in its entirety. During your absence in the Eastern States, Sir, I spoke to the Tourist Bill, and the Minister interjected. I promised then that I would give an answer to his interjection when I spoke to the measure now before us. If the Minister will cast his mind back to the 16th September last when I was referring to the conditions of the private-enterprise hotels, he will remember that he interjected and said—

Where did you hear that? In your imagination? You tell us.

That is recorded on page 1624 of *Hansard*. I felt sorry for the Minister, because he was not aware of what was in the Bill which his Government was introducing in another place, but I was.

The Hon. A. F. Griffith: You need not feel sorry for me.

The Hon. R. THOMPSON: A report was made in another place eight days before I made the statement here. On page 1435, the Minister when introducing the Bill in another place said—

I would say it is imperative that these hotels be sold for the highest possible figure and that they be no longer run by the State.

He also gave some very interesting figures in relation to the State hotels which will indicate the losses or profits of the State hotels for the three years 1956 to 1959. They are as follow:—

	Trading Result, 1956-57		Trading Result, 1957-58		Trading Result, 1958-59	
	Surplus	Deficiency	Surplus	Deficiency	Surplus	Deficiency
	£	£	£	£	£	£
Bolgart .....	.....	150	798	.....	1,455	.....
Bruce Rock	2,354	.....	3,377	.....	3,865	.....
Corrigin	4,040	.....	4,843	.....	3,758	.....
Dwellingup	4,031	.....	6,212	.....	5,525	.....
Gwalia	3,922	.....	4,823	.....	4,161	.....
Kwolyin .....	.....	1,904	.....	1,298	.....	2,768

I imagine that the people of Kwolyin will not desire to take over the State hotel, because it showed a loss in each of the three years. But there will not be lack of buyers for the State hotels at Bruce Rock, Corrigin, Dwellingup or Gwalia. In fact, the breweries will buy them tomorrow at their own price if the local authorities, which have the first option do not want them.

Over the last 20 years there has been a net surplus of £285,616 paid into Consolidated Revenue by the State hotels. I consider they have more than paid for themselves. The surpluses should have been expended by whatever Government was in office on improving the hotels to bring them up to a decent standard, and thereby enabling them to earn more profit than they are now earning.

It is not a bad average when the State hotels show a profit of £46,142 for the last three years. That is not a bad source of revenue to the Treasury. Most Governments seem to be short of money, and if the present Government is short of money it can ill afford to lose a revenue of £46,000 over three years.

The Hon. A. R. Jones: What was the net profit in those years?

The Hon. R. THOMPSON: They were the profits indicated by the Minister when he introduced the Bill in another place.

The Hon. A. R. Jones: Did you not refer to gross profits?

The Hon. R. THOMPSON: I stand corrected if they were the gross profits. The figures are shown on page 1434 of *Hansard*. We should examine another aspect of the sale of State hotels. An assurance was given by the Liberal-Country Parties during the elections that

no-one would be sacked from the State trading concerns or Government instrumentalities, but I do not see any provision in the Bill to guarantee the employees or managers of the State hotels continuity of employment after the hotels are sold. That is one direction in which the Government has fallen down. After making the promise, it failed to include any provision in the Bill to prevent unemployment on the part of those persons.

The public in most towns served by State hotels have been more or less protected. These hotels have had a levelling effect on the price of liquor. I have been told that in Gwalia the price of a schooner of beer is about 1s. 1d. It has been said by the various publicans not very far away that if it were not for the State hotel in Gwalia, the price would be 1s. 4d. a schooner.

The Hon. G. C. MacKinnon: That is only hearsay.

The Hon. R. THOMPSON: No. I obtained that information from a pretty authoritative source. I would not make a statement in this House on information received from anybody in the street. No doubt private enterprise will be interested in purchasing the profitable hotels, but the Kwolyin and Bolgart hotels will be the hardest to sell. No doubt they will be left to the Government to run, and they will both continue to show losses. Is there any sense in selling the profitable ones and retaining the unprofitable ones? To be truthful about the matter, it is hypocritical. I have no argument against the sale of State hotels, provided they are sold to the communities of the respective districts.

The Hon. A. F. Griffith: You will support the Bill?

The Hon. R. THOMPSON: I support it, provided the State hotels are sold to the local communities, but not if they are sold to those communities on the blind. There should be a provision in the Bill to ensure that if the hotels are to be offered for sale subsequently, they shall revert to the Government. Quite often a group of people can be instigated to buy these hotels, and after several years sell out to the Swan Brewery or some other brewery which may be interested in acquiring them. Such groups of people can make good profits out of the sales. Therefore I feel that a provision should be included in the Bill so that should a community want to dispose of a hotel after a period, it should revert to the Government.

The Hon. A. F. Griffith: How could it revert to the Government?

The Hon. R. THOMPSON: A provision could be included in the Bill for the hotel to revert to the Government if it is to be re-sold within a certain period.

The Hon. A. F. Griffith: Revert to the Government for nothing!

The Hon. R. THOMPSON: At the price for which it would be sold. I mentioned before that between 1920 and 1959, the net profit from these hotels was £285,616 which is mentioned on page 1543 of *Hansard*. Therefore, I do not intend to support the Bill in its present state, because I consider that these hotels have had a steady effect on the price at which liquor is sold; they have kept that price steady and reasonable.

THE HON. H. C. STRICKLAND (North) [8.17]: After studying the Bill, I feel that it has some very unsavoury features particularly from the point of view of a potential purchaser or lessee. It is a fact that during the life of these hotels, over the last 50 years or more, successive Governments have used the surplus profits from them for purposes other than for keeping the hotels in a modern condition. Not all the hotels are in a bad condition, but I understand that some of them are in a shocking state. I know of two myself. I have driven past the Wongan Hills Hotel which I thought was a very fine structure; and evidently it is. I have also been to the Dwellingup Hotel, and in the few minutes I was there, I saw nothing wrong with it. However, about the others I know nothing at all except what has been said in this House and in another place in regard to them.

It is rather a sad state of affairs that successive Governments have financially bled some of these hotels to death, so to speak, rather than keep them in good condition. One can understand the Gwalia Hotel not being kept in first-class condition because Gwalia, over the past five or six years, has lived by Government assistance; and whether the Government will

be able to obtain a purchaser at a reasonable price for that hotel will remain to be seen. There are other hotels; and I mention the Bruce Rock Hotel, which, I understand, is also in bad structural condition and will cost a lot of money—some thousands of pounds—to be brought up to modern standards.

I think it is rather shocking that successive Governments have allowed a hotel in an important centre like Bruce Rock to get into such a condition. The result has been, of course, that clubs have been formed in these towns and the capital value of the hotels has been substantially depreciated.

I am opposed to the sale of the hotels. As a matter of fact, I am one who has the idea that it would be much better for the public generally if the Government owned, perhaps, all the hotels in the State and leased them—not ran them. I feel that Government ownership, rather than brewery ownership, might be preferable for a great number of the hotels because we know that as the breweries take control of hotels—whether in this State or any other State—they slip into being mere beer houses. There are some in the city which are not like that, but that is the main business in the great majority of them.

If merely bars and beer are required, I do not see why other shops should not sell beer the same as does a hotel licensee. The hotels are licensed and given a monopoly to sell spirits, liquor, and beer in return for catering for the travelling public. However, we find that that has not been the position in every instance; and the condition is very hard to enforce. We find that we have one law for the Government and one law for the private owner in regard to hotels, because the Minister explained that the State hotels did not come under the jurisdiction of the Licensing Court. Why that should be so, goodness only knows.

I think the amendment suggested by Dr. Hislop is a very sound one for the protection of a potential purchaser. However, I think the amendment requires a little alteration to make it distinct. It seems fantastic that these hotels should have been allowed to deteriorate to such an extent that the Government has to tell us that any ingoing purchaser, licensee, or lessee will in effect be given two years' amnesty before being required by law to have the necessary alterations and renovations completed in order to comply with the requirements of the Licensing Court.

It seems that the Licensing Court could compel the hotels adjacent to Gwalia to comply with what it considers necessary; and yet Gwalia, six or seven miles away, is not in the same category. Therefore, if the Government fails to find a purchaser

or a lessee for some of the hotels and they are left in the hands of the Government, I hope that the law will be amended so that the Licensing Court will be able to tell the Government what it should do with the hotels it owns. Governments should set an example to the rest of the community in providing proper accommodation, including a bed that will, for instance, hold my colleague, Mr. Hall, when he stays at Gwalia.

I know from some of the files I have seen at different times that there is some substance in the remarks of Mr. Ron Thompson in regard to the Gwalia Hotel having an influence on the prices charged for spirits and beer in that district. It is a fact. I know that some years ago a request was made to the manager of the State Hotels Department by the hotel keepers at Leonora to increase the prices at Gwalia. The manager of the State Hotels Department, I think, submitted it to the Minister for a decision, with a recommendation that the request be not agreed to; and it was not agreed to.

I notice that the proceeds of any sale or lease of these hotels are to be placed in a special tourist fund; that is, any surplus after charges are made. A tourist trust fund might be quite all right—perhaps it is better than for the money to go into Consolidated Revenue and be lost in the general expenditure—but I would much rather see it placed in a trust account where this Government or any other Government could call upon it if a request were made to it, as was made when the State hotels were originally created.

State hotels were originally created because private investors would not invest in those areas at that time. They were built to provide a service in the horse-and-buggy days when 30 miles was a long day's journey. The idea was that, if at all possible, in the wheatbelt area a journey should be limited to approximately 30 miles, and hotels would be erected in suitable areas. They were erected—and you, Mr. President, would perhaps remember some of them—at the request of the farmers and settlers in those districts. They asked the State to build hotels because private enterprise would not invest in them. We cannot blame private enterprise either, because there was no expected return from an investment of that nature.

The same situation exists today in the town of Derby. This is a thriving town which will go ahead in leaps and bounds if the present Government follows the previous Government's plan. The road board at Derby has requested time and time again that the Government build a modern State hotel. Such requests were made to me when I was Minister for the North-West.

The Hon. J. G. Hislop: Rebuild the Port Hotel.

The Hon. H. C. STRICKLAND: The Port cannot be rebuilt. It was burnt flat to the ground.

The Hon. J. G. Hislop: I said you want to rebuild the Port Hotel.

The Hon. H. C. STRICKLAND: When I first went to Derby in 1919 there were three hotels and three gallon licenses, and they were all good businesses; that was at a time when the population of Derby would have been about 400. Today the population would be more like 1,500 to 2,000. These hotels and gallon licenses were good businesses until the start of the depression. Then one of the hotels was burned down; and, only a few years ago, another one burned down. The remaining hotel, in the old days, had only a wine and beer license; and it was the poorest structure of the three. The Port Hotel, mentioned by Dr. Hislop, was a two-storeyed structure, and the one which was burned down prior to that was owned by a man named Coleman. It was a single-storeyed structure but the building was bigger and better than the hotel which is there now.

The owners and occupiers of the present hotel are improving and extending the building; but, as the road board has recognised, one hotel for a town like that is insufficient. On more than one occasion the road board has asked the Government to build a State hotel in the town. As a matter of fact the road board wrote to the Premier in January or February of this year asking that the Government do something about building a hotel in the town.

If this Bill becomes law, and if the Government is able to sell any of these hotels, it should put the money so received to the purpose for which it was originally intended—the building of further hotels. The Government should build a hotel at Derby because private enterprise will not undertake such a project. Private enterprise can get better returns from capital invested in the city. To build a hotel in Derby, or any town north of Carnarvon would, because of freights and extra wages, cost twice as much as the building of a similar hotel in the city. Who is going to spend £70,000 to £100,000, which is what it would cost, to build a reasonably modern but certainly not spectacular hotel in Derby when twice the return for the same outlay can be obtained in the metropolitan area?

A person can invest in flats in the city and get 10 per cent. on his investment, without any worries. Anybody building a hotel in Derby, or any North-West town, could not expect to get 10 per cent. or 20 per cent. return, unless he worked the hotel himself; and no man who spends £30,000 or £100,000 on building a hotel wants to work it himself; particularly in that climate. But there is a great opportunity for the Government to build a modern air-conditioned hotel in a tropical climate, and then sell the hotel, if it wants to—the Government could build it, get it going, and then call tenders for it.

If the money derived from the sale of State hotels is placed in the tourist fund, I hope that it will be used to build tourist hotels in places like Derby because they will attract people to live in those towns. Strangely enough, Derby is one of the few sizeable towns in the State which has no club; there is no liquor license in Derby other than that granted to the small hotel which is there today. Whatever was done to the hotel at Derby, it would be a generation before it could be converted to a reasonable hotel by modern standards. The people who run the hotel are doing a good job but, like tradesmen, they cannot work without proper tools.

The Hon. E. M. Heenan: My idea was for the money to be given to the Licensing Court which would establish a fund for the same purpose as you have in mind.

The Hon. H. C. STRICKLAND: I agree partly with what the honourable member has in mind; but if the money is to be placed in a tourist trust fund, I do not want it to be spent on such places as Cave House, Yanchep, Rottnest Island or other so-called tourist resorts. My idea is that the Government should stick to the original idea of building State hotels—that is to build hotels where the public require such a service and where the hotels are urgently and definitely needed. Any project which had as its object the building of a tourist hotel at Derby would have my support; but, as I have just said, I would not agree to the proceeds from the sale of State hotels being spent on Cave House at Yallingup which, as all members know, seems to swallow money year by year.

The strange thing is that Cave House is not for sale; it should be placed in the same category as other losing hotels. But this Government has not seen fit to include Cave House in the list. I oppose the Bill because, as I have said, I believe that the State should own all hotels and let somebody else lease them.

THE HON. A. F. GRIFFITH (Suburban—Minister for Mines—in reply) [8.37]: When I introduced the Bill I told Mr. Strickland that the two places he has just mentioned—the one at Yanchep and the other at Yallingup—were leased, or were in process of being leased. As he knows, the position in regard to both of those properties is somewhat different from the position with regard to other State hotels.

Some interesting comments have come out of the debate so far on this matter, and I am grateful to members for their contributions. I shall make some brief mention of the points of view that have been expressed. When Mr. Heenan was addressing himself to the Bill, he indicated that he had written to the Chief Secretary suggesting that if the State hotel at Gwalia was to be sold the first option of purchase should be given to the local community at Gwalia. He said that he had

received a reply from the Chief Secretary advising him that such a proposition would receive his approval. Such was not quite the case, and I think the honourable member might have been a little confused. In order to put the matter on record I shall read what the Chief Secretary had to say to the honourable member on the 24th June, 1959. The letter reads as follows:—

I acknowledge receipt of your letter of the 19th June requesting that priority be given to the community in respect to purchase of the State hotel at Gwalia.

Parliamentary approval will be sought in respect to the sale of all State hotels and if the Bill is passed every consideration will be given to any proposition put forward by the community.

Therefore the position was not quite as the honourable member stated. I venture to suggest that the opinion of the Chief Secretary has been well and faithfully put into operation through the contents of this Bill.

The Hon. E. M. Heenan: My only point in mentioning that was that I think you said no community was interested.

The Hon. A. F. GRIFFITH: That is perfectly true. I did say that no community was interested. I read out the names, including Gwalia, of those hotels in respect to the purchase of which the communities had, up to the date I was addressing myself to the House, failed to evince any interest. To the best of my knowledge that situation still pertains. However, should the Gwalia community indicate that it is interested in the purchase of the Gwalia Hotel, consideration in the terms of the Bill will be given to it.

I would like to make one or two comments on Mr. Hall's remarks. He said that he doubted the accuracy of the figures of profit made by the Gwalia Hotel. I shall not argue with the honourable member about that; if he doubts the figures he must obviously doubt the genuineness of the Government Audit Department because the books of all State enterprises, as the honourable member well knows, are audited by Government auditors; and I feel sure that from time to time the hotel in question has been placed under the severe test of the Government auditors.

The Hon. W. R. Hall: I take it that the administrative costs are not in that.

The Hon. A. R. Jones: Administrative costs are not in it, and neither are maintenance costs, capital expenditure, and so on.

The Hon. A. F. GRIFFITH: To be perfectly frank, I do not know about those matters but they will have come under the surveillance of the Government auditors. Mr. Hall also said that the profits from the hotels should have been ploughed back.

The Hon. W. R. Hall: Some of them.

The Hon. A. F. GRIFFITH: Perhaps on that point I would agree with the honourable member. But as Mr. Strickland said, it is to the discredit of a number of Governments in the past that that has not been done. Also, the originators of this suggestion, who have been the Government for the last six years, had ample opportunity to do what they are now suggesting.

The Hon. J. G. Hislop: The same principle applies now in regard to the Abattoir Board—they have to put their funds into Consolidated Revenue.

The Hon. A. F. GRIFFITH: One of them has and one has not. The other point raised by Mr. Hall was in connection with clause 3 of the Bill. I merely say that somebody must be responsible for letting the Government know that the community in a particular district is not interested in buying the hotel. The Bill simply provides that for the first nine months the community shall have first priority; but, prior to the expiration of the nine months, if the Government receives an indication from the road board that the community is not interested in the hotel, the Government will not have to wait for nine months but can get rid of it to somebody who is interested.

The Hon. W. R. Hall: That means that the road board will be the spokesman as far as the community is concerned.

The Hon. A. F. GRIFFITH: Who would the honourable member suggest would be better than the road board?

The Hon. W. R. Hall: I did not say anything was wrong with it; I merely wanted to clarify the position.

The Hon. A. F. GRIFFITH: That is the way I take it. The road board would probably be the best authority to know what is going to take place in such a matter. I know of many incidents that take place on a local authority basis where the community become well informed and very mindful of what the local authority is going to do; particularly where a district is a bit outlying the inclination of the community is to convey its thoughts, interests and desires in a particular manner; and more often than not it conveys them to the local authority first.

I draw the attention of Mr. Teahan to the fact that the Government of which he was a supporter sold the Wongan Hills Hotel. How was that hotel sold? It was sold as a result of a request by the Wongan Hills community to the previous Premier of the State, Mr. Hawke. They asked that the property be sold to the Wongan Hills community; and after spending £26,391 very shortly before on the Wongan Hills Hotel, the previous Government disposed of it to the community of Wongan Hills. But did we hear any protest from members who sit opposite me politically? Did we hear the same protest we are hearing now?

The Hon. R. Thompson: There is nothing wrong with selling it to the community.

The Hon. A. F. GRIFFITH: I am glad to hear that. If the Minister or Chief Secretary had any desire not to see these hotels go to the local community in preference to anybody else, then the clause containing that provision would not be in the Bill. But it is the desire of the Government that the communities should first be given the opportunity to purchase the hotels in question.

A similar argument was put forward by Mr. Ron Thompson who, in the course of his remarks, perhaps a little incorrectly, quoted from a previous *Hansard* which I have since had the opportunity of looking up. What Mr. Thompson said in the previous debate was that he heard the Government was going to dispose of the hotels to private enterprise. If he examines his *Hansard* he will see that I said, "Who told you that?" The observation that the honourable member made about my lack of knowledge was without foundation, because I knew full well that this Bill would contain the provision that the hotels would first be offered to the local communities.

The Hon. R. Thompson: You must be clairvoyant.

The Hon. A. F. GRIFFITH: The plan put forward was that the local community of the district would be the first to be given the opportunity to purchase the hotels in question. When Mr. Thompson tries to make a point of that nature, let me tell him that it is nothing new. *Hansard* is of course sometimes a record of what we say today, but it is not necessarily a record of what we do tomorrow. I am sure the honourable member will find that out for himself if he remains here long enough.

On this question of what the Government should do with the proceeds from the sale of the hotels, Mr. Strickland said it was deplorable that the State hotels should have been allowed to slip into the condition in which they are today. I can perhaps agree with the honourable member and say it is a great pity they have been allowed to degenerate to the point where some of the structures are not all that may be desired. I would ask, however, what happened to the £40,000 that the previous Government received for the sale of the Wongan Hills Hotel? Was any attempt made to put any of that money back into the State hotels?

The Hon. H. C. Strickland: It probably did not arrive until you got in.

The Hon. A. F. GRIFFITH: I do not know when it was received but I am sure the previous Government did not use any of that money to improve the State hotels. It is quite easy to be critical as to what other people should do, but when a Government has had the opportunity to do the same thing and has failed to do it,

it is a little difficult to justify such criticism. If we are to accept what some members have put forward, then I think the only way to achieve some improvement in the State hotels is to sell them; because up to this point of time successive Governments have been prepared to flinch from—I think that is the word that Mr. Strickland used—the pockets of Consolidated Revenue.

The Hon. R. Thompson: Can you tell us what you are going to do with the Bolgart and Kwolyin Hotels?

The Hon. A. F. GRIFFITH: I am afraid I cannot give the honourable member that information. All I know is what this Bill contains. I know that in accordance with the policy to which the Government Party has subscribed for a long time, an opportunity will be given to the local communities to buy the hotels. I am not prepared to enter into an argument with the honourable member as to whether the Kwolyin Hotel or some other hotel will or will not be sold. Suffice it to say, that an opportunity will be given to the local communities to buy them first if they want them.

The Hon. A. R. Jones: The community of Bolgart is very interested.

The Hon. A. F. GRIFFITH: I am very glad to hear that. The only other point I would like to make is in respect to the amendment foreshadowed by Dr. Hislop. I have had an opportunity of discussing his amendment with my colleague in another place, the Chief Secretary, and he finds the amendment acceptable. I thank Dr. Hislop for the attention he has given to the Bill and for the amendment he proposes to move. I notice it has been altered slightly, but the alteration has made the amendment better than it was before.

In closing the debate on this Bill, I know that the Government is fulfilling a policy set out prior to the elections in the event of its being elected to the Treasury bench. We did say that one of the things we would do would be to dispose of the State hotels. Mr. Hall thinks that we are rushing into this matter, but I do not agree with him. We are endeavouring, to the best of our ability, to implement an election promise that we made. I think it is the duty of any Government, if it goes to the people on a certain belief it possesses, to see how much of its promises, in the light of certain circumstances, it can fulfil within a reasonable time.

The Hon. H. C. Strickland: You are not doing that up North.

Several members interjected.

The Hon. A. F. GRIFFITH: There are so many interjections that I cannot hear any one of them.

The PRESIDENT: Interjections are highly disorderly and the Minister should not take any notice of them.

The Hon. A. F. GRIFFITH: Since interjections are so highly disorderly, and since I cannot hear any of them, I will sit down.

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

Ayes—12.

Hon. C. R. Abbey	Hon. G. C. MacKinnon
Hon. L. C. Diver	Hon. R. C. Mattiske
Hon. A. F. Griffith	Hon. C. H. Simpson
Hon. J. G. Hislop	Hon. H. K. Watson
Hon. A. R. Jones	Hon. F. D. Willmott
Hon. A. L. Loton	Hon. J. M. Thomson

(Teller.)

Noes—9.

Hon. E. M. Davies	Hon. J. D. Teahan
Hon. E. M. Heenan	Hon. R. Thompson
Hon. R. F. Hutchison	Hon. F. J. S. Wise
Hon. G. E. Jeffery	Hon. W. R. Hall
Hon. H. C. Strickland	

(Teller.)

Pairs.

Ayes.	Noes.
Hon. J. Cunningham	Hon. J. J. Garrigan
Hon. H. L. Roche	Hon. G. Bennetts
Hon. J. Murray	Hon. F. R. H. Lavery
Hon. L. A. Logan	Hon. W. F. Willesee

Majority for—3.

Question thus passed.

Bill read a second time.

In Committee

The Deputy Chairman of Committees (the Hon. G. C. MacKinnon) in the Chair; the Hon. A. F. Griffith (Minister for Mines) in charge of the Bill.

Clauses 1 and 2 put and passed.

Clause 3—Power to sell or lease State Hotels mentioned in Schedule:

The Hon. F. J. S. WISE: I rise to draw the attention of the Committee to the fact that in spite of the endeavours of the Minister to take credit for the provision that communities should have the opportunity to own these hotels, the Government had no such intention when the Bill was introduced in another place. It is just as well for this Committee to know and appreciate that. When this Bill was introduced in another place a Labor member was successful in having this provision incorporated in the Bill by way of amendment. The Minister in this House argued in debate that the provision in the Bill was very important; and he spoke as if it were put there at the wish of the Government. It was not in the Bill as originally introduced in another place, and its inclusion was opposed by the Minister in charge of the Bill.

The Hon. A. F. GRIFFITH: Despite the fact that Mr. Wise, in conflict with Standing Orders, has made reference to a debate in another Chamber, I apologise to him.

The Hon. F. J. S. Wise: It was not an infringement of Standing Orders.

The DEPUTY CHAIRMAN (the Hon. G. C. MacKinnon): I am in charge of the Committee.

The Hon. A. F. GRIFFITH: I do not doubt that you, Sir, in your acting capacity, are in charge of the Committee. You permit members to make observations so long as they do not conflict with Standing Orders, and I was proposing to offer my apology to Mr. Wise for the statement I made in this regard. I think Mr. Wise will remember that the first time the Minister in charge of this House has an opportunity of studying a Bill is when it is transmitted from another place.

The Hon. F. J. S. Wise: Surely the first opportunity is in Cabinet!

The Hon. A. F. GRIFFITH: That is true; but one is not able to remember everything that goes on in Cabinet, and sometimes one is absent. If I misled the House during my second reading speech, I apologise.

Clause put and passed.

Clauses 4 to 8 put and passed.

New Clause 4:

The Hon. J. G. HISLOP: I move—

That the following be inserted to stand as clause 4:—

Before a hotel is offered for sale or lease, the Licensing Court shall prepare and make available the requirements of the Court in regard to additions, alterations, renovations, repairs, maintenance and conduct of the hotel covering a period of the ensuing three years from the date of purchase or lease.

The Hon. E. M. HEENAN: When Dr. Hislop first intimated his intention to move an amendment on these lines, I thought it was meritorious. However, after giving it some thought I have come to the conclusion that the Committee would be ill-advised to carry the amendment. My experience of State hotels is confined to the Gwalia Hotel, but I think it would be a fairly good sample. This hotel has been pretty well looked after; and, as hotels go, it is the best-kept building north-west of Kalgoorlie.

The Hon. W. R. Hall: Yes, north of Kalgoorlie.

The Hon. E. M. HEENAN: Over the years a good deal of money has gone back in maintenance and on the provision of amenities. Although these amenities have never reached the standard which we would desire, a good deal of money has gone back into the hotel. This amendment would be a great embarrassment to any community; and I think we can assume that the communities are going to be interested in these hotels. I cannot answer for the Gwalia Hotel, but the people are considering it carefully; and, after due consideration, they will make a decision. However, this sort of amendment is going to frighten them off.

This amendment is a demand on the Licensing Court to visit the area and draw up a list of requisitions. If the court gets a direction from Parliament, it will have to do its job and draw up a list covering the period of the ensuing three years. What is going to happen to the Sons of Gwalia mine in three years? It might go up or it might go down. The best thing we can do is to leave things as they now exist to the Licensing Court. I do not think we want to embarrass anyone; and we will certainly frighten people off if this amendment is passed.

The Hon. J. D. TEAHAN: This amendment looks all right on paper, but it could be regarded as a special instruction to the Licensing Court to make a trip of 600 miles and issue a long list of requirements, such as the removal of septic tanks, the provision of more balconies, and so on. This sort of thing will frighten the local community, and the hotels may be left on the hands of the Government; and I am sure that is not desired. Dr. Hislop mentioned correctly that when premises are taken over, certain things are required which were not required before.

I suppose I have stayed in three-quarters of the hotels in this State at various times, and the State hotel at Gwalia is far better than many of them. Do not frighten people away! If the Licensing Court has no special instructions it might allow the buyer to coast along and meet the Court's requirements over a period of four or five years.

A purchaser would want to keep his eyes on the reports of the mine as well as on the hotel building. If the requirements of the court were too severe, it would preclude the possibility of a sale.

The Hon. J. G. HISLOP: What has the Gwalia Hotel to fear if it is in such good condition? We must realise that we have been told that the Licensing Court will act in a sane manner. Let us assume that it will not issue a list of instructions; and we have Mr. Heenan's word for it that the court will be tolerant towards the purchasers of the hotels. I want to protect the purchaser of a property on which the Government has spent nothing in four years. I want to know what the purchasers' liability will be. I would much rather know, before I purchased one of these hotels, what the Licensing Court required, than to learn its requirements 12 months later.

The Hon. H. C. STRICKLAND: The amendment will at least prevent people from buying a pig in a poke. The Minister explained that it was intended to have the hotels licensed prior to their being sold. An assurance is given under the Bill that the buyer will not, under two years, have to effect the improvements the court says

must be carried out; or before the first renewal of the license. The court must grant the first renewal.

In the first place, a nominee will go into a State hotel and he will be there for three months. Then the license will be transferred to the buyer, and the license could expire within the next two or three months. The court would then sit and deal with licenses for that district, and the license would be renewed. The incoming licensee would be required within the following 12 months to complete whatever provisions the court stipulated.

The amendment will make it perfectly clear that before the hotels are offered for sale, the court will make an assessment of what is required to bring the hotels up to the court's standard; and that information will be given to the Government so that it can make it available in the tenders. A person who knows anything about hotels does not take notice of the cash figures but endeavours to see the liquor purchase figures; from them he will know what profits the hotel should make. Whether the State hotels fill in a liquor purchase return, I do not know.

Dr. Hislop wants to ensure that nobody buys one of these hotels without knowing his full commitments. If a community is interested in purchasing a State hotel, surely it is better for them to know before buying, what they will be faced with, so that they can assess whether the business can afford to meet the purchase price, rather than buy the hotel first and be made aware of their commitments afterwards. I support the amendment.

The Hon. A. F. GRIFFITH: When I heard Mr. Heenan, I became doubtful as to whether he did not have something in the amendment, but when I listened to Mr. Strickland, I was sure he did not. I agree with what Mr. Strickland had to say. I am sure none of us wants to do anything which would make the position difficult for the purchaser, whether he be a private individual or the community. I take most notice of Mr. Strickland's concluding remarks; namely, that it is better for the community to know what their obligation will be, in addition to the purchase price, rather than for them to be given the poultice after they buy.

Because a State hotel does not come under the Licensing Act, the Bill provides that a license shall be issued and that the license shall be renewed. That provision covers a period of two years. In the second year, the license shall be issued whether the renovations have been carried out or not. But in the third year, the hotel premises will be completely within the control of the Licensing Court.

My advice is that it is the practice of the court to acquaint prospective purchasers with what is set out in Dr. Hislop's amendment. Any prospective purchaser

or accredited agent who inquires from the Licensing Court is told what the commitments are likely to be.

The Hon. R. C. MATTISKE: I am definitely against the amendment. The normal rule with any purchase is for the buyer to beware. He should make inquiries as to whether the property he is buying is in need of repair, or whether there are requirements of some statutory authority to be carried out. Mr. Heenan said that any buyer or intending buyer could go to the Licensing Court and ascertain whether major improvements were necessary.

To make it obligatory on the court to visit these hotels before they are sold, and to prepare a list of the alterations required, is entirely wrong. The ordinary rule of contract should prevail. It is entirely up to the individual to conduct his own inquiries, and make his purchase as he thinks fit.

If it is considered that the Licensing Court might brush off an intending purchaser and refuse to give him any indication of what the court may require, we might amend the Bill to enable an intending purchaser to obtain any information he wants from the court.

The Hon. E. M. HEENAN: We are all attempting to achieve the one thing—to protect as far as possible the incoming purchasers. Take a place like Gwalia. I do not think any Goldfields members have indicated that the mine is in a flourishing condition. There might be a rise in the price of gold next year; and if there is, and if another mine is found, it might be necessary to make considerable additions to the hotel.

On the other hand, the position may deteriorate. I do not think the court would appreciate being made to lay down a policy for the next three years, especially in a place like Gwalia; and I believe it would err on the safe side. The Committee may rest assured that Goldfields members know the position at Gwalia, and would seek guidance from the Licensing Court so that our community would not be buying a pig in a poke. Is it thought that anybody could lay down a programme for the next three years?

The Hon. A. F. GRIFFITH: Mr. Mattiske says that the normal rule of contract should prevail; but this is not the normal rule at the moment, because the Licensing Court has jurisdiction over all hotels except State hotels. Therefore, this is outside the normal rule of contract. The Bill provides that the court shall issue a license when the sale takes place; and shall renew it for a period of one year, whether any alterations or improvements are done or not. But after the second year the hotel comes completely under the control of the court for the first time; and

it then has power, if the improvements are not carried out, to refuse a license. I know how Gwalia depends on mining—

The Hon. J. G. HISLOP: The Licensing Court would know the conditions there, too.

The Hon. A. F. GRIFFITH: Yes, but the court might impose conditions that could not be carried out; and then the community might not be able to purchase the hotel. In that event the object of the measure would be defeated. I am coming over to the point of view of the honourable member and I would like to hear him on this.

The Hon. J. D. TEAHAN: The Minister says that if you wish to buy a State hotel you can go to the Licensing Court, which will tell you all about it; but a hotel at Gwalia is different from one at Wongan Hills, for instance, because the mining industry has not the same permanence as agriculture.

I would prefer to present set-up, so that if the community at Gwalia was interested in the hotel, information could be got from the Licensing Court; but if we put this provision into the Act the court will say, "This is different from our having to inspect the hotel at Beverley," and whoever is sent up to inspect will be told not to miss anything, because there is a special instruction from Parliament.

The Hon. J. M. THOMSON: The purpose of the amendment is to protect prospective purchasers of State hotels. Those opposing the amendment say that a purchaser could be guided by the advice of someone who could inspect the premises; but such a person would not have any statutory standing and his recommendations might not measure up to the requirements of the Licensing Court. The amendment would indicate clearly the requirements of the court regarding additions, alterations, renovations, repairs, and maintenance.

There might be two or three prospective purchasers and each might receive different advice as to what was required to be done. I am confident that the Licensing Court would be reasonable in its requirements; but the opinions of other persons asked to assess the position might be well off the mark.

The Hon. A. F. Griffith: But the word of the Licensing Court would be law.

The Hon. J. M. THOMSON: That is the point; and the opinions given by other people would not be law. That is why I think the amendment would safeguard a prospective purchaser.

The Hon. J. G. HISLOP: Those opposing the amendment seem to presume that it would only be necessary to ask the Licensing Court what its requirements were in regard to any of these hotels; but the court will not know anything about these hotels, which have never been under its jurisdiction. How could the Licensing

Court give a prospective buyer information as to what its requirements might be in regard to a State hotel?

The Hon. E. M. HEENAN: The Licensing Court is by no means ignorant of the State hotels; and I am sure it is fully conversant with the State hotel at Gwalia. The fact that these hotels were not directly under the jurisdiction of the Licensing Court has meant nothing to the department which controls them.

After listening to some members, one would think that the department had avoided its obligations and had let these hotels go to the pack in regard to amenities and facilities, but such is not the case. The Gwalia Hotel and its amenities are ahead of many other Goldfields hotels.

I agree that all hotels should come directly under the jurisdiction of the State Licensing Court because I have every confidence in it. I would not like to see that body lay down a programme for the next three years, because that would not be fair to the court or to the licensee who took over the hotel. On the other hand the court may err on the safe side by saying, "We order such and such to be done"; and, in the light of subsequent events, its instruction might not be unreasonable. Therefore, the procedure should be for the court to inspect any hotel, say, next year, and the community could then take steps to ensure that the hotel measured up to the standard laid down by the court. No community will need protection in regard to this matter because in Gwalia, for example, the people are shrewd and competent and will be fully aware of their responsibilities.

The Hon. R. THOMPSON: I support the amendment on the ground that if it is carried it will ensure that we will have the State hotels for many years to come. Also if we incorporate a provision such as this in the Bill it will be a precedent for local authorities and private individuals to follow should they desire to acquire houses. It would ensure that they were brought up to a required standard before they took possession.

The Hon. H. C. STRICKLAND: Surely it is our duty to protect the public and ensure that this sort of thing does not occur. When the Government is selling its own property it should be fair and square, and lay everything open for the benefit of the prospective purchaser. I differ from Mr. Heenan as to the effect of the amendment. As I said before, the Minister makes a mistake when he says that an incoming tenant will have two years' grace. The nominee for a license could hold a license for only a month prior to the first renewal. The Government is fully aware of what the Licensing Court can do because it has purposely placed this provision in the Bill for the protection of any licensee.

The first renewal may not be made until six, nine, or 12 months have elapsed. It will certainly not be two years; that is,

if the premises are sold. It is my duty to ensure that the prospective purchaser will have all items of expenditure explained to him.

The Hon. A. F. GRIFFITH: When speaking a few minutes ago I thought I referred to the premises and not the individual who may become the licensee, because the Bill seeks to protect the premises. However, I almost reached the point of beseeching Dr. Hislop to withdraw his amendment, because when I listened to Mr. Thompson stating that he supported the amendment on the ground that he felt sure that if it were agreed to the State Hotels would be in the hands of the Government for many years to come, I saw the nigger in the woodpile. It is obvious that that could happen. If that is the object of Dr. Hislop, it would not be a very suitable state of affairs.

The Hon. H. C. Strickland: I think it is the other way round.

The Hon. A. F. GRIFFITH: I am merely stating what Mr. Thompson said; and I think he is right. If Dr. Hislop wants the Government to retain the State hotels, all he need do is to persist with his amendment.

The Hon. J. G. HISLOP: That did not enter my mind at all. In fact, in order to test the feeling of the Committee I ask for leave to withdraw the amendment.

The DEPUTY CHAIRMAN (the Hon. G. C. MacKinnon): Is it the desire of the Committee that leave be granted?

There being dissentient voices, leave cannot be granted.

Leave not granted.

The Hon. G. E. JEFFERY: I see no need for the amendment. From what I have heard during the course of the debate, I am sure the Licensing Court is not unaware of the condition of the State hotels; and information about them can be obtained, on request, from the State Licensing Court. Whether that is true, I do not know. I only know from a friend of mine that when he acquired a lease of a hotel, he nearly had to quit the premises because of the demands made by the State Licensing Court.

If the court is not unaware of the condition of the State hotels, and its requirements can be obtained by any prospective purchaser, I can see no need for the amendment. However, as there seems to be great confusion on these points, I think any doubt should be cleared up by the Minister reporting progress in order to obtain further information.

The Hon. A. F. GRIFFITH: I do not see any necessity to report progress. I am informed that whenever a prospective buyer or his accredited agent makes an approach to the Licensing Court, the information set out in the amendment is given. I also accept the statement made

by Mr. Heenan that the court is not unaware of the condition of the State hotels.

The Hon. E. M. Heenan: I would not be dogmatic about it.

The Hon. A. F. GRIFFITH: I cannot be dogmatic about it, either, but I think it would be unreasonable to suggest that the State Licensing Court, with its experience, would pass by a State hotel and say, "That is not our baby; we have no knowledge of it and we do not care about it."

The Hon. J. G. Hislop: Do you think the court would be able to submit a detailed report on any of the State hotels?

The Hon. A. F. GRIFFITH: I cannot say that, because I could not say so with any certainty. Dr. Hislop would not know that, either. Nevertheless, I feel sure that the State Licensing Court has a fair knowledge of the condition of the State hotels. Therefore, I cannot see any point in reporting progress.

The Hon. E. M. Heenan: It would not take long to obtain the information.

The Hon. A. F. GRIFFITH: Perhaps not, but I would probably return with the same answer; and, in any case, it is a real delight to see this Committee acting as a true Chamber of review.

New clause put and a division taken with the following result:—

Ayes—11.

Hon. E. M. Davies	Hon. C. H. Simpson
Hon. W. R. Hall	Hon. R. Thompson
Hon. J. G. Hislop	Hon. J. M. Thomson
Hon. R. F. Hutchison	Hon. F. J. S. Wise
Hon. A. F. Jones	Hon. H. C. Strickland
Hon. A. L. Loton	(Teller.)

Noes—9.

Hon. C. R. Abbey	Hon. J. D. Teahan
Hon. L. C. Diver	Hon. H. K. Watson
Hon. A. F. Griffith	Hon. F. D. Willmott
Hon. E. M. Heenan	Hon. R. C. Mattiske
Hon. G. E. Jeffery	(Teller.)

Majority for—2.

New clause thus passed.

Schedule and Title put and passed.

Bill reported with an amendment.

House adjourned at 10.3 p.m.

Legislative Assembly

Tuesday, the 13th October, 1959

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