

# Legislative Council.

Tuesday, 10th November, 1936.

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

## DEMISE OF KING GEORGE V.: ACCESSION OF KING EDWARD VIII.

*Messages in Reply.*

Mr. PRESIDENT: I have received the following message from His Excellency the Lieut.-Governor:—

The President of the Legislative Council, Perth. Sir, I have it in command from the King to thank the members of the Legislative Council, and to convey to them the deep appreciation with which His Majesty has received their kind message of sympathy.

Mr. PRESIDENT: I have also received the following message from His Excellency the Lieut.-Governor:—

The President of the Legislative Council, Perth. Sir, I have it in command from His Majesty the King to express his sincere gratitude to the members of the Legislative Council for their congratulations to him on his accession to the Throne.

## QUESTION—GROUP SETTLEMENT AREAS.

*Clearing by Unemployed.*

Hon. A. THOMSON asked the Chief Secretary:—1, How many single men are employed in clearing land in group settlement areas? 2, What acreage has been cleared? 3, What is the average cost per acre? 4, What is the average daily earning of each man? 5, What amount of money has been spent in this direction since this method of providing for single men was adopted?

The CHIEF SECRETARY replied: 1, 579. 2, In course of preparation. 3, In course of preparation. 4, The work to be performed each week is such as to enable 30s. to be earned at award rates. 5, £216,912 to 31st October, 1936.

## MOTION—VERMIN TAX, RULING AND REASONS.

HON. A. THOMSON (South-East)

[4.34]: I move—

That a copy of the ruling and reasons advanced by the Taxation Department for imposing a vermin tax upon reserves vested in local authorities be laid upon the Table of the House.

I understand that since notice of this motion was given, the Minister for Agriculture has given notice, in another place, that he proposes to amend the Vermin Act with a view to overcoming the difficulties facing us. If it is possible to obtain the ruling, however, I should like it to be placed on the Table of the House.

THE CHIEF SECRETARY (Hon. W. H. Kitson—West) [4.35]: I referred this request to the Commissioner for Taxation, who has advised me as follows:—

The vermin rate upon reserves vested in local authorities is not imposed by the Taxation Department but by the Vermin Act, 1918, and amendments thereof. Section 100A of that Act imposes a rate upon every owner of a holding which exceeds 160 acres and is not within any municipal district or any townsite or residential area. Section 6 provides that the council of any municipality, the board of any road district, and the trustees of any public reserve shall be deemed to be the owners of all lands vested in them or placed under their control. "Holding" as defined in Section 4 includes land held, used or occupied as a public reserve. These provisions provide the authority for the assessment of vermin rate upon reserves vested in local authorities where the prescribed conditions apply. There are no rulings or reasons of the Taxation Department superimposed upon these statutory provisions.

As mentioned by Mr. Thomson, on the Notice Paper of another place there is a motion by the Minister for Agriculture to introduce a measure which will deal with this particular question. As for laying on the Table of the House the rulings of the Taxation Department, the position is as I have described. I will lay on the Table the report from the Commissioner.

## PAPERS—AGRICULTURAL BANK CLIENTS.

### *Mortgage Forms.*

**HON. A. THOMSON** (South-East) [4.39]: I move—

That a copy of the mortgage forms which clients of the Agricultural Bank are now compelled to sign be laid upon the Table of the House.

In moving this motion I do so because I understand that clients of the Bank have to sign new mortgage forms and there are conditions in those new forms which were not in the old ones. It is considered by many, who are faced with the prospect of signing or getting out, that the forms are not entirely satisfactory. I therefore move that a copy of the forms be laid on the Table so that we may see the conditions the Commissioners of the Bank are imposing upon their clients.

On motion by Chief Secretary, debate adjourned.

## BILLS (3)—THIRD READING.

1, Land and Income Tax Assessment Act Amendment.

2, Land Tax and Income Tax.

*Passed.*

3, State Transport Co-ordination Act Amendment (No. 3).

Transmitted to the Assembly.

## BILL—ELECTORAL ACT AMENDMENT.

### *Third Reading.*

**HON. C. F. BAXTER** (East) [4.43]: I move—

That the Bill be now read a third time.

**HON. J. CORNELL** (South) [4.44]: Before the Bill is read a third time I wish to point out, particularly to members of another place, because the Bill does not affect this House, that there is a very grave omission in the Bill when compared with the recommendations of the Royal Commission which suggested amendments to the Electoral Act. Whilst this Bill makes voting compulsory for the Assembly, it does not make voting any easier; that is to say, the existing machinery remains as before. If the Bill is passed, an elector will have to vote in person within his province or

within his electoral district or by post. The amending legislation of last session provided that he could vote outside the province or electoral district on polling day, just as he could do at Federal elections. In the Electoral Acts of Queensland, Victoria, New South Wales and the Commonwealth, provision is made to give greater voting facilities because voting has been made compulsory, and even in Queensland on the occasion of a by-election provision is made in every electoral district so that any elector may record his vote in person. If the Bill be passed an elector will be compelled to attend a polling place, but will not be afforded any easement in the matter of voting facilities. That is a shortcoming of the Bill. As I remarked, this House will not be affected, but another place will be. I was hoping that the time would not be too late to make provision similar to that contained in the amending legislation of last session. There has been only one election in Western Australia at which voting was virtually compulsory—the election held contemporaneously with the referendum on secession—and provision was made for an elector to vote outside his electoral district. This Bill, however, contains no such provision. I point out the anomaly, which will probably have a boomerang effect on members in another place.

Question put and passed.

Bill read a third time and *passed*.

## BILL—JUSTICES ACT AMENDMENT.

### *Second Reading.*

Order of the Day read for the resumption from the 3rd November of the debate on the second reading.

Question put and passed.

Bill read a second time.

### *In Committee.*

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

## BILLS (3)—FIRST READING.

1, Purchasers' Protection Act Amendment.

2, Forests Act Amendment Continuance.

3, Dividend Duties Act Amendment.

Received from the Assembly.

## **BILL—PEARLING CREWS ACCIDENT ASSURANCE FUND.**

### *Assembly's Message.*

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

## **BILL—TRADE DESCRIPTIONS AND FALSE ADVERTISEMENTS.**

### *Second Reading.*

Debate resumed from the 3rd November.

**HON. W. J. MANN** (South-West) [4.55]: This Bill represents a praiseworthy effort to discipline those unscrupulous individuals who, for personal gain, seek to sell goods of various kinds incorrectly described. In cases of the sort inferior articles are offered with the clear intention to deceive the purchaser. I fear that in the past a certain amount of license has been afforded manufacturers in the way of trade descriptions, and that we are, to an extent, reaping the results to-day, inasmuch as the amount of license has gradually been increased until, in some instances, the deception is very great indeed. Some descriptions have been accepted that are palpably wrong. Quite a number of articles could be mentioned that we purchase under a certain description, well knowing that the ingredients or contents are not true to label, and for that, I suppose, we ourselves are to blame. The general idea of false description, however, is to deceive the ignorant, uneducated and illiterate, the type of person who is not able properly to discriminate for himself. Some manufacturers, under the guise of necessity, assert that they are out to cater for all classes, and with that excuse or explanation, they deliberately set about taking advantage of those unfortunate people to whom I have just referred. Usually false trade descriptions amount to deceiving the poor—the people who have to buy articles that are cheaper and of poorer quality. There is another set embracing those manufacturers and unscrupulous individuals and firms who make use of false descriptions in order to undersell legitimate traders.

**Hon. L. B. Bolton:** No manufacturers are unscrupulous, surely!

**Hon. J. Cornell:** None at hand.

**Hon. W. J. MANN:** Such manufacturers are at a distance; I assume there are some legitimate traders close at hand. The un-

scrupulous ones care very little for the results of their dishonesty; all they are concerned about is personal gain, and the time has arrived when we should rightly take steps to curb their actions. Recently I read in a European periodical an article in which the writer stated that the world was entering upon a synthetic age as regards the material wants of the people, and in a few lines he described a day's purchases. One morning he set out to make as many purchases as he could of articles about which he entertained suspicions. The first thing he bought was pork sausages, and they were afterwards found to contain nothing but horseflesh chemically treated. His second purchase was wheaten bread, which contained less than 25 per cent. of wheaten flour. He bought fruit jam which contained no fruit whatever, but consisted of vegetable pulp and chemicals. He purchased coffee that was without any trace whatever of the true berry. Underwear he bought was made from wood. Men's outer garments sold to him as all-wool proved to contain less than 20 per cent. of that material. Shoes he purchased were found eventually to be of some fabricated material and synthetic rubber, but so cleverly manufactured as to make the mixture impossible to distinguish from real leather until the shoes had been worn some time. Lastly he purchased a straw hat which was found to contain no straw whatever, but to consist of vegetable fibre. That, I think, was a fairly good day's work. We have not yet reached the same stage in Western Australia, but we must take good care that we do not get to it. In fact, unless legislation of this kind is passed, there is a possibility of some of the things I have described being brought into this country and our people being deceived and defrauded in like manner.

**Hon. J. Cornell:** There is, for instance, the serving-up of shark as schnapper.

**Hon. W. J. MANN:** So far as I know, that is an Australian industry. I was speaking of European practices. That part of the Bill to which I have alluded will, therefore, have my warm support. We have to bear in mind, however, that all synthetic compounds are not harmful and that not all of them are undesirable. Many synthetic manufactures being sold to-day represent an advantage over the old articles they are intended to replace. However, we should insist that they are sold under a true description of their nature, so that purchasers may know exactly what they are getting. The

Schedule to the Bill contains four articles only—furniture, bedding, blankets, and flannel. I have no objection to the inclusion of those articles in the Schedule; there are a good many more that might go in. I am not enamoured, however, of the proposal to give the Government an open order enabling them in a few hours to insert, by proclamation, in the Schedule, whatever they feel disposed to include, or all those articles that an inspector considers should be included. That would be giving the Government too much power.

Hon. J. Cornell: It is the only way to make the Bill effective.

Hon. W. J. MANN: I think we can make it equally effective by substituting regulations for proclamations. In that case the power is still with this House.

Hon. A. Thomson: With Parliament.

Hon. W. J. MANN: Parliament can approve of the regulation if it is desirable, but if it is considered undesirable Parliament can disallow it.

Hon. H. Seddon: But regulations may be promulgated while Parliament is not sitting.

Hon. W. J. MANN: The same remark applies to proclamations; so there is no gain in that respect. The House would be wise to delete the word "proclamations" and substitute "regulations." In that case we shall reserve to ourselves the right to make decisions. I note that the Bill refers to revocation of proclamations. The general experience is that once proclamations have been made, they remain. That is another good reason why we should insist upon regulations. Clause 8 does not meet with my approval. It deals with false advertisements.

Several Members: Ah!

Hon. W. J. MANN: I thought that remark would cause some mild interjections.

Hon. J. J. Holmes: This is where the sharks do not come in!

Hon. W. J. MANN: In my opinion, there is no need whatever to link up newspapers with this legislation.

Hon. J. Cornell: None at all! Newspapers are without sin.

Hon. W. J. MANN: I thank Mr. Cornell for his compliment to newspapers. I submit that it is quite unnecessary to associate newspapers and printers with a matter of this kind, and I shall state my reasons. In the first place it should be generally

known that every reputable newspaper promptly refuses to insert advertisements in order to protect their readers.

Hon. H. S. W. Parker: The object of the clause is to catch disreputable newspapers.

Hon. W. J. MANN: Most of the newspapers in Western Australia are reputable. Our leading dailies throughout the year refuse numbers of advertisements representing quite a lot of money, simply because they are not satisfied of their genuineness. I have had to refuse advertisements when I was fairly hard up and the money would have been highly acceptable, but I was satisfied in my own mind that the thing was not genuine and I did not want to mislead readers. I desired to protect them against people who were definitely out to deceive them. I note that the Bill provides for warnings to be given to both the newspapers and the printers. In my opinion the provision does not go far enough.

Hon. J. Cornell: The Minister would warn them.

Hon. W. J. MANN: An inspector may walk into a big newspaper office late one night and simply say, "You have an advertisement from so-and-so, and I warn you not to publish it," little realising that at that hour his demand may seriously handicap and embarrass the newspaper. Newspapers are always working against time. The huge plates that are made, representing a page of a newspaper, cannot be played with just at the whim of an inspector or any one person. It is the result of the combined efforts of a large and intricate organisation. Once the plate is in forme, tinkering with it means most serious loss of time, and expense, with consequent serious inconvenience to readers, because there are mails to be caught and many other things to be done. We need to be careful not to assent to anything which will interfere with a newspaper in that regard. I observe that the Bill authorises inspectors under the Factories and Shops Act to declare what is and what is not genuine. I make bold to say that puts a good deal of responsibility on an inspector. It makes him a judge of all commodities that may be advertised.

Hon. V. Hamersley: It increases his status.

Hon. W. J. MANN: It may increase his status in his own estimation, but he cannot stand up to such a job. Definitely, he is no more fit to be a judge of all things than any one of us in this Chamber. None of us would claim to be a judge of all things, and an inspector under the Factories and Shops Act is not likely to have any super-human knowledge in that regard.

Hon. J. Cornell: The word "inspector" ought to be changed to "Minister."

Hon. W. J. MANN: I shall have something to say on that aspect in a minute. The inspector might simply walk into a newspaper establishment and say, "You shall not publish that advertisement." My contention is that the inspector should report to the Minister, and that the Minister, in turn, should warn the person who causes the advertisement to be inserted. There is no objection to the newspaper being warned, provided that warning is given in good time; but it must always be remembered that a fair interval must elapse in order to allow a newspaper to give effect to the desires of the Minister. I contend however, that there is no necessity for newspapers to be implicated at all. All that is necessary is that the person inserting the advertisement should be liable. If the House in its wisdom considers that newspapers should be included, then I hope hon. members will go a little further and provide some additional safeguard, so that a newspaper shall not be penalised for anything for which it is not responsible or which it is unable to prevent, owing to insufficient notice. Reference is made to bonds and shares and other things of that kind. It would be quite impossible for a newspaper to judge whether or not forestry bonds, for example, are genuine.

Hon. J. Cornell: I do not think the Bill applies to forestry bonds.

Hon. W. J. MANN: A newspaper could not be expected to decide from the prospectus of a gold mine whether the proposition was likely to prove dividend-paying.

Hon. J. Cornell: I do not think the measure applies to goldmining either.

Hon. W. J. MANN: It applies to shares, bonds, and so forth. Anyhow, the Bill is wide enough to take in everything.

Hon. J. J. Holmes: Or to leave out everything.

Hon. W. J. MANN: It is more likely to take most things in. Clause 8 provides

that the printer or publisher may be warned by an inspector of the falsity of the advertisement, and so on. I contend that at least such a warning should be in writing and it should be signed and delivered by the inspector in person. It should not be a mere verbal warning, and there is nothing in the Bill to say that it shall be in writing. An inspector may enter premises and instruct someone to tell the publisher that he is not to insert a particular advertisement. That is not sufficient. There should be an instruction in writing, or, in the case of a country newspaper where personal delivery might be difficult, the instruction should be sent along by registered post. Next, we find that Clause 10 gives unlimited power to inspectors to enter premises and wander around and perhaps subject the staff to the third degree.

Hon. H. Seddon: By day or by night.

Hon. W. J. MANN: Yes. An inspector can refuse the proprietor an audience while he is interrogating the staff, and finding out that which he in his infinite wisdom thinks it is necessary he should know.

Hon. J. Cornell: There are similar powers in the Mining Act.

Hon. W. J. MANN: I do not agree with the granting of such powers. There are better ways of doing business and the proprietor of a business surely has some rights. I notice that Subclause 3 reads—

No inspector or interpreter shall disclose to any person, other than in the course of his duties under this Act, any information which he obtains in the exercise of his duties.

That is all right as far as it goes, but I should like to point out that in every other clause penalties are provided if certain things are not done. In this case, however, there is no penalty if an inspector discloses anything that he may have seen. It merely says that he shall not disclose any information he has obtained in the exercise of his duties. I have heard at times from inspectors information about other establishments, and the manner in which they have been conducted. I am not saying that all inspectors are bad or would enter premises and later tell others what they had seen. But in common fairness, there should be a penalty if an inspector divulges any information he has obtained in any particular establishment. There are many trade secrets, formulas and methods that a proprietor of an establishment jealously guards. It is a

common thing in the Eastern States for proprietors of certain establishments to close their doors to all visitors. It is quite impossible for strangers to gain entrance to some printing premises in the Eastern States, and the reason is that the owners do not wish their competitors to know anything at all about their methods, which may be the outcome of years of study and the expenditure of a good deal of money. Under the Bill an inspector or a police officer may take any person in his company and see what is going on, and afterwards disclose what he has seen. There should certainly be a penalty for divulging information in this respect. I do not think the Government would have any objection to a penalty being imposed in such circumstances.

Hon. E. H. Angelo: Do you propose to move an amendment to that effect?

Hon. W. J. MANN: I may do so when the Bill is in Committee. There are a number of other matters to which one could refer, but as the Bill will probably take some time in Committee, I will reserve any further remarks I may have to make until the Committee stage is reached.

On motion by Hon. J. J. Holmes, debate adjourned.

## **BILL—PETROLEUM.**

### *In Committee.*

Resumed from the 28th October; Hon. J. Cornell in the Chair, the Chief Secretary in charge of the Bill.

Clause 102—Recovery of penalties:

The CHAIRMAN: Progress was reported on this Clause.

Clause put and passed.

Clauses 103, and 104—agreed to.

Clause 105—Regulations:

The CHIEF SECRETARY: I move an amendment—

That after the word "lease" in line 1 of paragraph (j) the following words in parentheses be inserted:—" (including such other reservations, covenants, and conditions as the Governor may think necessary in addition to those prescribed by Section 54)."

The reason for including these words is that from time to time unusual conditions may turn up and these would have to be provided for. As it stands, Section 54 will not be sufficiently wide; consequently, by inserting

these words, if something of a specific character should occur, there will then be power to deal with it. It is an essential provision.

Amendment put and passed; the clause, as amended, agreed to.

Postponed Clause 8: Petroleum declared to be the property of the Crown:

Hon. J. NICHOLSON: I understand the Chief Secretary intends to move certain other amendments which will be helpful in overcoming the difficulties to which I referred at a previous sitting. Perhaps the Chief Secretary will permit the further consideration of this clause to stand over a little longer.

Hon. V. Hamersley: Why not strike it out?

Hon. J. NICHOLSON: We must give the right to explore for oil and safeguard the position in a reasonable way for those on whose property the exploration is being carried out. Unless we do that, we will find ourselves in the position that, instead of operations being carried out, essential for exploratory work, subsequent developments may be nullified. It is the duty of every citizen to help in the development of the discovery of oil, and when the oil is discovered to produce it.

The CHAIRMAN: Has the proposed new clause the hon. member intends to move any bearing on the clause we are now discussing?

Hon. J. NICHOLSON: I understand that on recomittal the Chief Secretary will move a new clause to safeguard the rights of those persons who had contracted with the Government under the original Constitution Act, the Imperial Act of 1890. On an earlier occasion I pointed out that a certain clause in the Bill omitted all reference to the Western Australian Constitution Act of 1890, a reference to which will be found in the Mining Act. On reference to Halsbury's "Statute Law of England," I found that by Section 4 of that Constitution Act there was preservation of the rights of those who had entered into contracts prior to 1890.

Hon. J. J. Holmes: Cannot we pass this clause now and if necessary come back to it on recomittal?

The CHAIRMAN: What I desired to ascertain was whether the new clause proposed by Mr. Nicholson would govern Clause 8.

Hon. J. NICHOLSON: It has relation to it.

The CHIEF SECRETARY: Let me make an explanation. Since the Bill was last discussed by the Committee, considerable time and thought have been given to two or three clauses, arising primarily from remarks by Mr. Nicholson. The Crown Solicitor and Mr. Nicholson and I have arrived at an agreement on one or two points. That agreement includes the moving of the new clause referred to by the Chairman of Committees and also includes the insertion of amendments, which appear on the Notice Paper, dealing with the question of compensation for disturbance. I now understand from Mr. Nicholson that there are one or two other points which he desires should be further considered. In order that we might make some progress, I suggest that we agree to this Clause 8 and certain other clauses and then, when the Bill is recommit- ted, Mr. Nicholson will have opportunity to endeavour to finalise the particular points he has in view. I think there will be no need to recommit for the purpose of con- sidering that proposed new clause.

The CHAIRMAN: No, that can be done this afternoon.

Hon. V. HAMERSLEY: If we pass Clause 8 it will make the position more diffi- cult.

The CHAIRMAN: On the Minister's statement, the Bill can be recommitted to- morrow.

Hon. V. HAMERSLEY: But if we pass this clause, we will have to accept it.

Hon. J. J. Holmes: And it can then be rejected on recommitment.

Hon. J. NICHOLSON: In the course of our investigation into this complex matter, it was ascertained that in 1934 the Imperial Government passed an Act giving them the right to petroleum. I have been discussing the question of compensation for the loss of rights that have been reserved to the people in the Old Country, so as to com- pare it with the rights of people in this State.

Hon. G. W. Miles: But at Home it is all freehold.

Hon. J. NICHOLSON: That is so. Back in 1889 the right to all minerals, in addi- tion to those that had been previously re- served, was granted by this Parliament to the Crown; and it will be remembered that the word "mineral" includes oil. Then, in order to make the position doubly se-

cure, in 1920 it was agreed that all mineral oil should also be reserved to the Crown.

Hon. J. J. Holmes: Then the Crown has it now?

Hon. J. NICHOLSON: Yes, and we are merely considering some of the points that arise in connection with the matter. I agree that the suggestion of the Chief Sec- retary might well be adopted, and that we pass this clause accordingly. I shall withdraw my amendment.

Amendment, by leave, withdrawn.

Clause put and passed.

Postponed Clause 12—Governor to have the right of pre-emption of petroleum:

Hon. H. S. W. PARKER: I move an amendment—

That the following words be inserted at the beginning of Subclause 1:—"Upon the Gov- ernor proclaiming a state of national or State emergency."

I understand that all that the Government required is to have this right in the event of an emergency.

Amendment put and passed.

Hon. H. S. W. PARKER: I move an amendment—

That in line 2 of Subclause 2 all words after "products" be struck out and the following words inserted in lieu:—"thereof without the written consent of the Minister. Penalty one thousand pounds."

That, really, is a consequential amendment as a result of the previous words being added.

Hon. H. SEDDON: The powers given in this clause seem to be too comprehensive. A man may find oil and desire to dispose of it, but may be unable to do so.

Hon. H. S. W. Parker: This is only in the case of a national or a State emergency.

Amendment put and passed.

Hon. H. S. W. PARKER: I move an amendment—

That Subclause 4 be struck out.

This subclause is not now necessary in view of the amendments which have just been passed.

Amendment put and passed; the clause, as amended, agreed to.

Postponed Clause 15—Certain provisions to apply when an oilfield is constituted:

Hon. H. SEDDON: If two persons have been working under a permit it may be that both get satisfactory results. The struc-

ture examined may, however, be found to extend outside the boundaries of the area held by one man, so that he (as the discoverer) would require the whole of that structure, and all the work which had been done by the other man would go by the board. I suggest that the clause be held over with a view to that question being further examined.

The CHIEF SECRETARY: I cannot go beyond what I have already said on this clause. We are making available to those who first discover oil valuable reward concessions. If two prospectors are working in country which may include an oil basin, after the claims of the actual discoverer of oil had been attended to, the Minister would undoubtedly take into consideration the work done by the other man, and the expenditure he had incurred, and treat his application accordingly. If this clause were not embodied in the Bill we would inevitably strike trouble. An oil basin may quite well extend into two prospecting areas, but if two persons are involved, the second discoverer of oil would undoubtedly receive consideration at the hands of the Minister. We cannot go further than we have already gone.

Hon. H. SEDDON: I will not further debate this clause.

Clause put and passed.

Postponed Clause 19—Land comprised in a license to prospect or a lease may be entered for certain purposes:

Clause put and passed.

New clause:

The CHIEF SECRETARY: I move—

That a new clause be inserted to stand as Clause 2 as follows:—"This Act shall be read and construed subject to the provisions of Section 4 of the Western Australian Constitution Act, 1890 (Imperial), so far as the same may be applicable."

This new clause has been agreed to in a discussion between Mr. Nicholson, the Crown Solicitor and myself. Mr. Nicholson raised the point that under the old Constitution certain people had been granted land which included rights not included in grants of land prior to 1890. It has been agreed that this new clause will safeguard the interests of the people concerned.

New clause put and passed.

New clause:

The CHIEF SECRETARY: On the Notice Paper there appear a number of new

clauses for insertion in the Bill, and they arise out of the discussions I have already referred to between the Crown Solicitor, Mr. Nicholson and myself. They deal with compensation for disturbance. It is highly desirable that the new clauses be inserted in the Bill. They are to follow immediately after Clause 19. They adequately cover most of the points raised by Mr. Nicholson during the debate. I move—

That the following new clause, to stand as Clause 20, be inserted:—

*Power to agree as to amount of compensation.*

20. The applicant for any license or lease may agree with the owner and occupier respectively of any private land as to the amount of compensation to be paid for the right to occupy the land in respect of which the application is made.

No such agreement shall be valid unless the same is in writing and signed by the parties thereto and filed in the Department of Mines.

New clause put and passed.

New clause:

The CHIEF SECRETARY: I move—

That the following new clause, to stand as Clause 21, be inserted:—

*Measure of compensation.*

21. Such compensation to be made to the owner and occupier shall be compensation for being deprived of the possession of the surface or any part of the surface of the private land, and for damage to the surface of the whole or any part thereof, and to any improvements thereon, which may arise from the carrying on of operations thereon or thereunder, and for the severance of such land from other land of the owner or occupier, and for rights-of-way and for all consequential damages.

In assessing the amount of compensation no allowance shall be made to the owner or occupier for any gold, minerals or mineral oil known or supposed to be on or under the land.

Hon. J. NICHOLSON: I do not know what ideas members have regarding the rights of property in oil or any other mineral where the owner, until the passing of this measure, has had absolute right over those minerals.

Hon. H. S. W. PARKER: Surely those who are so foolish as not to take the necessary steps should lose their rights.

Hon. J. NICHOLSON: The owner of the property may not have been in a position to apply for a lease. I am troubled as to whether the owner of the freehold in connection with which Crown grants have been issued since 1890, up to which date his rights were preserved under the Constitution Act, has not rights respecting which provision should be made for compensation. In 1919

an Act was passed providing that all minerals should belong to the Crown, and in the following year legislation was also passed affecting future Crown grants under which power was taken to search for minerals reserved to the Crown.

Hon. H. S. W. Parker: We are trying to protect people who were asleep for about 16 years.

Hon. J. NICHOLSON: Probably this matter should receive further consideration.

Hon. H. S. W. Parker: Is it not a question merely whether we should grant compensation for surface rights?

Hon. J. NICHOLSON: That phase is amply protected in the various new clauses that the Chief Secretary seeks to have included in the Bill. I am considering whether there should not be a proviso added setting out that the greater rights, which may be contended for by the owners of the land, may not be prejudiced or affected. I shall not move any amendment at this stage, but on recommitment we may be able to give the matter further consideration.

New clause put and passed.

New clauses:

On motions by the Chief Secretary, the following new clauses were agreed to:—

*Where no agreement, warden to determine compensation.*

22. If within such time as may be prescribed the parties are unable to agree upon the amount of compensation to be paid, either party may upon a plaint in that behalf have the amount determined by the warden.

*Compensation already received to be deducted.*

23. In determining the amount of compensation, the warden shall take into consideration the amount of any compensation which the owner and occupier or either of them have or has already received in respect of the damage for which compensation is being assessed, and shall deduct the amount already so received from the amount which they would otherwise be entitled to for such damage.

*Owner of private land in vicinity of lease or license entitled to compensation.*

24. If any private land or improvement thereon adjoining or in the vicinity of the land the subject of any license or lease under the provisions of this Act is injured or depreciated in value by any operations carried on by the lessee or his agents, or the licensee or his agents, or by reason of the occupation of any portion of the surface, or the enjoyment by the lessee or licensee of any right-of-way, the owner and occupier of such private land or improvements thereon shall severally be entitled to compensation for all loss and damage thereby sustained, and the amount of such compensation shall be ascertained in the same manner as

is hereinbefore prescribed and the provisions of section twenty-one shall apply with the necessary modifications.

*Compensation for further damage.*

25. If while in occupation of any land pursuant to the terms of any license or pursuant to the terms of any lease the licensee or lessee or his agents cause any damage to the surface of any private land comprised within the boundaries of the land the subject of the license or lease belonging either to the same or any other owner, or to any improvement on any such private land, not being damage already assessed under the provisions hereinbefore contained, the owner and occupier of such private land or improvement shall severally be entitled to compensation for the damage sustained by each of them, and the amount of such compensation shall be ascertained in accordance with the provisions of section twenty-one, which shall apply, with the necessary modifications.

*Licensee or lessee not to operate before agreement made and registered.*

26. No license or lease shall be granted in respect of any private land unless or until the proposed licensee or lessee has paid or tendered to the owner and occupier the amount of compensation (if any), ascertained as hereinbefore prescribed, or made an agreement in writing with such persons as to the payment of such compensation (if any).

If the owner is dead or cannot be found, such payment may be made to the Minister in trust for the owner.

New clause:

The CHIEF SECRETARY: I move—

That the following new clause, to stand as Clause 27, be inserted:—

*Restriction on granting license or lease in relation to certain private lands.*

27. No license or lease shall be granted in respect of any private land which is—

- (a) used as or at a less distance than fifty yards from a yard, garden, orchard, or cultivated field; or
- (b) of less extent than half an acre within the limits of any municipality or township; or
- (c) used as a cemetery or burial place; or
- (d) at a less distance than one hundred and fifty yards laterally from any cemetery or burial place or reservoir or substantial improvement

unless in every case the consent in writing of the owner or trustee, as the case may be, of the land in question has first been obtained.

In this section the expression "reservoir" means any natural or artificial storage or accumulation of water, and includes a spring, dam, bore, and artesian well.

In every case the Minister shall be the sole judge whether any improvement is substantial.

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

Hon. H. SEDDON: The point I wish to make has reference to paragraph (d) of the

proposed new Section 27, stating that no license or lease shall be granted in respect of any private land which is at a less distance than 150 yards laterally from any cemetery or burial place or reservoir or substantial improvement. Further down the definition of the term "reservoir" is given as "any natural or artificial storage or accumulation of water, including a spring, dam, bore and artesian well." If this paragraph is passed, folk will be prevented from drilling in an area where there are artesian basins. These basins are several miles in extent.

The CHIEF SECRETARY: I am afraid I cannot accept the interpretation of the hon. member. The clause is very clear, but even if we assumed that the interpretation was correct, Mr. Seddon has not quoted the whole clause. The clause states that no license or lease shall be granted in respect of any private land "unless in every case the consent in writing of the owner or trustee, as the case may be, of the land in question has first been obtained." There are very few private owners of land who would not be prepared for their land to be tested for oil, if they had any indication at all from people desiring that concession that they were likely to be successful in their operations. Those people are entitled to protection.

Hon. L. Craig: Does "owner" mean "occupier"? Will that cover "leaseholder"?

The CHIEF SECRETARY: This deals with private land only, and provides that before boring operations are undertaken, or rather before a license or lease is granted for these particular areas, permission must be obtained from the owner or trustee.

Hon. J. NICHOLSON: I suggest to the Chief Secretary the advisability of considering the protection also of leasehold property, land held for mining purposes, and on which there is a mining shaft at work. One can see the consequences of a bore going down through the middle of some mining shaft.

The CHAIRMAN: That would not happen.

Hon. J. NICHOLSON: Why?

The CHAIRMAN: The Mining Act would give them prior rights.

Hon. J. NICHOLSON: The right to enter is given through an earlier clause in the Bill.

Hon. J. J. Holmes: They have to take compensation.

Hon. J. NICHOLSON: It might have a serious effect on the operations being carried on. There should be power to safeguard

the position. Clause 19 states that, subject to the approval and consent in writing of the Minister, any person may enter upon any land comprised in any license to prospect or in any petroleum lease, and do any of a number of things which are enumerated. Whilst this clause only relates to private land, it could also be made to extend to other land.

The CHIEF SECRETARY: It is desirable that we should explore the whole position with a view to safeguarding the interests of everybody affected. We are, however, going a trifle too far in endeavouring to do that. Before a bore may be put down by a company, permission must be obtained. I do not imagine for one moment that permission would be given to bore for oil down the shaft of an existing mine.

New clause put and passed.

New clause:

Hon. H. S. W. PARKER: I move—

That the following new clause, to stand as Clause 57, be inserted:—"A lessee may at any time with the consent of the Governor surrender his lease."

This clause is copied word for word from the Mining Act and gives power which is already in the Mining Act regarding mineral leases that a lessee may at any time surrender his lease.

New clause put and passed.

New clause:

Hon. H. SEDDON: I move—

That the following new clause, to stand as Clause 67, be inserted:—

*Lessee not to drill within prescribed distance of another lease. Gas wells.*

67. (1.) The holder of a petroleum lease shall not drill within three hundred and thirty feet of the boundary of any other leased area without the approval in writing of the Minister.

(2.) When a well is defined by the Minister's adviser to be a gas-well it shall be closed down by the lessee immediately, and shall be operated only under instructions from the Minister.

(3.) Non-observance by a lessee of the provisions of this section shall be deemed a breach of the conditions of his lease.

This new clause is for the purpose of inserting two important provisions which arise out of overlapping or adjoining leases. I explained during the second reading debate the necessity for conserving the gas pressure. Once that pressure is lost, every well in the structure is immediately penalised. The

owners of the wells are relying on the gas pressure to force the oil up the bore, but if the pressure is destroyed the driving force that sends up the oil is taken away and it is going to be difficult, if not impossible, to extract any quantity of oil from the well. For that reason it is necessary that if a person boring happens to get into the gas dome there shall be some provision whereby the well is immediately closed down to prevent gas escaping. It is provided in this proposed new section that such wells shall be closed down and only operated under instructions from the Minister. That is a reasonable provision which if included in the Act, will have greater force than if stipulated by regulation. The 330 ft. provision is taken from the Commonwealth Oil Ordinance applying to Papua. When an oil bore is put down in a reservoir, it drains a certain radius. If two leases adjoined there would be nothing to prevent one lessee from putting down a bore right on his boundary and, if he struck oil, he would be drawing it, not only from his own lease, but from the adjoining lease. If that happened we should reach the conditions existing in the United States where every leaseholder has to start drilling on his boundary to protect his oil from a neighbour and take advantage of the drawing area. The Commonwealth recognised that 330 ft. gave sufficient protection to the adjoining lessee. As both lessees would have to observe that distance, there would not be risk of one well robbing an adjoining area. In one instance boring was undertaken on two leases and, through some mishap, the bores were not put down straight and the two came together in the one hole. The result was that neither lessee could claim the well.

The CHIEF SECRETARY: There is no objection to the proposed new clause, though provision to cover the point would have been made by regulation.

New clause put and passed.

Schedule:

Hon. H. SEDDON: I move an amendment—

That in paragraph (a) of Part 1 of the schedule the words "for the first five years of the term of the lease" be struck out for the purpose of inserting the words "for the first two years of the term of the lease no royalty shall be charged, and for the next three years the royalty shall be" inserted in lieu.

Members should appreciate what is involved in boring for oil and then they would recognise how oppressive would be the provision for royalty. In the Kimberleys there are to be two wells put down to 4,000 ft. and 5,000 ft. respectively. The latest type of machinery, delivered on the field, would cost something like £20,000. An oil well is 16 to 18 in. in diameter and powerful machinery is required to force the drill down. The cost of drilling is £3 to £4 per foot which, for 5,000 ft., would mean preliminary expenses totalling £15,000 to £20,000. Experience shows that three or four wells have to be bored before oil is struck. Thus an expenditure of £60,000 would probably be required. Anyone producing oil would come under all the existing taxation measures—land tax, Federal and State income tax, financial emergency tax and hospital tax—which would absorb at least five per cent. of the proceeds of the product. In addition a royalty of five per cent. on the petroleum produced is proposed. In other countries calculations are based on 50 per cent. of dry wells being struck. Suppose two wells had to be sunk before oil was obtained and the cost was £40,000. Interest at five per cent. would amount to £2,000 a year. The average production of wells in the United States is 300 gallons per day, equal to 90,000 gallons per annum. The price of crude oil at Fremantle is low. I shall allow 7d. per gallon as the price at the well, which, for 90,000 gallons would amount to £2,625 a year. Royalty and taxation would absorb, £525, and interest £2,000, which would leave for transport, marketing, etc., £100. Under those conditions the putting down of a bore would not be worth while. Therefore I am asking for two years' freedom from royalty payments to enable some of the preliminary expenses to be recouped. Royalty charges should be reasonable. In my second reading speech of the 21st October I quoted the royalties imposed in other countries and showed that ten per cent. is not levied in any of them.

The CHIEF SECRETARY: I cannot accept the amendment. The Bill has been drafted after consultation with men who are supposed to understand the intricacies of oil production. Reward leases have been fixed having due regard to the importance of oil being found in the first instance.

Rentals to be charged have been fixed with due regard to the importance of the oil industry to the State. Reward leases are to be free from rent for the first five years.

Hon. G. W. Miles: And royalty?

The CHIEF SECRETARY: No. The departmental officials consider that the rates fixed in the Bill not too high. The hon. member said that nowhere else was 10 per cent. royalty charged, but nevertheless he quoted places where royalties higher than 10 per cent. were in fact being charged.

Hon. H. Seddon: In Australia.

The CHIEF SECRETARY: Queensland ranges from  $7\frac{1}{2}$  to 12 per cent. in royalties, and from 5 to 10 per cent. on the gross value. In Papua the royalties are 10 per cent. on the gross value, with a lesser rate if a smaller quantity than two barrels daily is being produced. The average production of oil wells in America, according to Mr. Seddon, is only 300 gallons daily; but that average must include numerous speculative oil wells. In Western Australia a well producing less than 300 gallons per day would not be operated long. There is nothing in the hon. member's argument from that aspect. If oil is eventually found, then, quite irrespective of the amount of money spent in finding it, the State is entitled to some recompense as from the time oil is being produced. If the well is to be permanent, it will produce large quantities after, say, two years. Should the quantity produced be small, the amount of royalty will be small.

Hon. H. SEDDON: I have quoted before, and shall quote now, from a letter written by a leading oil man in Western Australia—

There are over 300,000 producing oil wells in the United States. The production of these wells ranges from a fraction of a barrel daily to many thousands of barrels daily. The average production is less than eight barrels of 42 American gallons per day per well, or approximately 280 gallons per well per day.

That clearly and distinctly deals with producing wells only. The Minister says the Bill has been prepared after consultation with experts. The inference is that I am basing my amendment on the results of reading and study. But my figures come from an expert who tells me the royalties proposed here are too high and will effectively prevent people from putting capital into Western Australia. I leave the Committee to judge between the expert who has advised the Minister and the expert who has advised me. If the object of the Bill is to

induce people to drill for oil here, we ought to incline towards leniency in the matter of royalties.

Hon. E. H. ANGELO: We are all agreed that the provisions of the Bill should be so framed as to make prospecting for oil as attractive as feasible in Western Australia. When the measure first came before us, I submitted a copy to a gentleman who has had considerable experience of oil production in other parts of the world. He is not the same gentleman as Mr. Seddon suggested. My informant's two chief objections are the smallness of the area and the heavy royalties. Therefore I support Mr. Seddon. Still, I do not see why the Government should not receive something from, say, a well struck fairly close to the coast. I would be prepared to reduce the royalty for the first five years from five per cent. to  $2\frac{1}{2}$  per cent.

Amendment put, and a division taken with the following results:—

Ayes	..	..	..	..	14
Noes	..	..	..	..	4

Majority for .. .. . 10

#### AYES.

Hon. E. H. Angelo	Hon. G. W. Miles
Hon. C. F. Baxter	Hon. J. Nicholson
Hon. L. Craig	Hon. H. S. W. Parker
Hon. C. G. Elliott	Hon. H. V. Piesse
Hon. V. Hamersley	Hon. H. Tuckey
Hon. J. J. Holmes	Hon. C. H. Wittenoom
Hon. W. J. Mann	Hon. H. Seddon

(Teller.)

#### NOES.

Hon. J. M. Drew	Hon. W. H. Kitson
Hon. E. H. Gray	Hon. C. Fraser

(Teller.)

Amendment thus passed.

Hon. H. SEDDON: I move an amendment—

That the following words be inserted in lieu of the words struck out: "for the first two years of the term of the lease no royalty shall be charged, and for the next three years the royalty shall be."

Amendment put and passed.

Hon. H. SEDDON: I move an amendment—

That in Part II. of the Schedule all the words after "scale" in line 2 down to and including the word "gallons" be struck out, and the following inserted in lieu:—"For the first two years a royalty not exceeding 5 per cent.; for the remainder of the term of the lease a royalty not exceeding 10 per cent.; such percentage to be determined by the Minister."

The object of the amendment is to encourage people to invest their capital in oil exploration in Western Australia. I have given what I think should be the maximum, not exceeding 5 per cent. in one case and not exceeding 10 per cent. in the other.

Amendment put and passed.

Hon. H. SEDDON: I move an amendment—

That the following words in paragraph (3) of Part II. of the Schedule: "the royalties prescribed in this Part shall be the respective percentages therein set forth" be struck out, and "such royalty shall be a percentage" inserted in lieu.

Amendment put and passed.

Hon. H. SEDDON: I move an amendment—

That a paragraph be added to Part II. of the Schedule as follows:—"Such royalty shall be payable at such times and, subject as aforesaid, in such manner as prescribed by regulations under this Act."

Amendment put and passed; the Schedule, as amended, agreed to.

Title—agreed to.

Bill reported with amendments.

#### *Recommittal.*

The CHIEF SECRETARY: I desire by leave of the House to recommit the Bill for the purpose of further considering Clause 16.

Hon. H. Seddon: And also Clauses 23 and 46.

Hon. J. Nicholson: And Clauses 3, 9 and 10.

The PRESIDENT: The course proposed by the Chief Secretary is unusual, though it has been followed on previous occasions. It can only be adopted if there be no dissentient voice to the recommitment of the Bill at this stage. Is it the wish of the House that the Bill be recommitted?

Members: Yes.

The PRESIDENT: There being no dissentient voice, the Bill is recommitted.

#### *In Committee.*

Hon. J. Cornell in the Chair; the Chief Secretary in charge of the Bill.

The CHIEF SECRETARY: I should have stated earlier that my reason for asking the indulgence of the House in the direction of permitting the Bill to be re-committed at this stage is that the Chairman of Committees will be absent from the next sitting, and as he has occupied the Chair

throughout the consideration of the Bill, I consider it might be advisable for him to see it through the Committee stage.

#### Clause 3—Interpretation:

Hon. J. NICHOLSON: I draw attention to the definition of "petroleum." This includes all naturally occurring hydro-carbons in a free state, whether solid, liquid, or gaseous, and oxidation products thereof, which are contained in the rocks of the earth's crust and which are capable of extraction therefrom by purely mechanical methods not involving the application of heat or chemical processes. The definition of "petroleum" in the English Act is this—"Petroleum includes any mineral oil or relative hydro-carbon and natural gas existing in its natural condition in strata, but does not include coal or bituminous shales or stratified deposits from which oil can be extracted by destructive distillation." There we have it made clear that there is saved the right to oil by distillation from coal.

Hon. C. F. Baxter: Has it ever been done commercially?

Hon. J. NICHOLSON: Yes, it is being done now. It might be argued that because of the use of the words "naturally occurring," the definition would be wide enough to exclude any chance of bringing in petroleum recovered by the distillation process. Still, I am not sufficiently versed in these scientific phrases to know whether it would cover it. For the sake of safety, I move an amendment—

That at the end of the clause the following words be added:—"Provided that nothing in the foregoing definition shall include coal or bituminous shale or other stratified deposits from which oil can be extracted by destructive distillation."

The CHIEF SECRETARY: I do not know what the people most concerned will say when they examine the clause and see this addition to it. The clause has been drafted with definite objects in view. It has the same meaning as the clause in the English Act, although the English provision is differently drafted. So there does not appear to me to be any necessity for the amendment. While I do not know very much about the scientific side, I am advised that the clause in the Bill entirely covers the position.

Hon. H. SEDDON: The definition of "petroleum" contained in the Bill is intended to cover such things as bitumen or any of the solid petroleum bodies. After the

Mining Act covers the mining of coal, and as I have previously pointed out, the Bill is going to stand side by side with the Mining Act, and I think it will have to be read in conjunction with that Act.

Hon. J. NICHOLSON: The hydro-carbons referred to here in the definition are found in the distillation of oil from coal. That being so, there is a risk that the distillation of oil from coal might come within the Act, which is not intended. Then why not accept the amendment to make it clear that that position is safeguarded? We have the coal industry going on and it might be possible for something to be done in the distillation of oil.

The Chief Secretary: What interpretation does the hon. member place on the words in the clause "naturally occurring"?

Hon. J. NICHOLSON: I called attention to those words. If, for example, it was in a very liquid state, they all rather tend to include what is not intended to be included. If hydro-carbons are to be found in the distillation of oil from coal, the coal is a solid in itself, and solids are referred to in the earlier part of the definition. I am looking at the thing from an industrial standpoint and I think we ought to protect the coal industry. The amendment will do no harm, and I think it will express the intention of the Government.

The CHIEF SECRETARY: I am afraid the amendment will be redundant, because the definition leaves no room for misinterpretation. What the hon. member is afraid of is that some process of distillation which requires the absence of heat would be covered by the definition.

Hon. J. Nicholson: There might be discovered a process which did not require that.

Amendment put and negatived.

Clause put and passed.

Clause 9—Reservation in Crown grants:

Hon. J. NICHOLSON: In view of the new clauses that have been adopted, I move an amendment—

That after "access" in line 5 the following be inserted:—"subject to and in accordance with the provisions hereinafter contained."

The CHIEF SECRETARY: I should like the hon. member to explain why he desires to have these words inserted.

Hon. J. Nicholson: On account of the amendments already made.

The CHIEF SECRETARY: Will the hon. member point out the new clause that he has referred to? It seems to be somewhat obscure at present. Which new clauses added to the Bill have rendered this amendment necessary?

Hon. J. Nicholson: Provisions have been inserted in the Bill, for example, in reference to compensation. I think this amendment will serve to show that this right of access is only given subject to those provisions.

The CHIEF SECRETARY: I do not know that these words are necessary. They certainly are redundant, though I do not oppose the amendment.

Amendment put and passed; the clause, as amended, agreed to.

Clause 10—Power to obtain petrol:

Hon. J. NICHOLSON: I move an amendment—

That at the commencement of Subclause 1 the following words be inserted:—"subject as hereinafter provided."

The CHIEF SECRETARY: I do not know what difference will be made if these words are not inserted.

Amendment put and negatived.

Hon. J. NICHOLSON: I move an amendment—

That in Subclause 2 after the word "Act" in line 27 the following words be inserted:—"and in respect of which the right to petroleum or mineral oil therein has not previously hereto been reserved."

In this subclause power is given to the Minister to enter upon land to search for petroleum. It makes it clear that the entry is upon land in respect to which the right to petroleum or mineral oil therein had not previously been reserved to the Crown.

The CHIEF SECRETARY: I cannot follow the amendment. How will it safeguard the interests of any person or the State?

Amendment put and negatived.

Hon. J. NICHOLSON: In the case of land which was alienated from the Crown at an earlier date than 1919 or 1920, the property in minerals belonged to the owner of the land. Prior to that time the right to gold, silver and precious metals belonged to the grantee of the land from the Crown. Accordingly the grantee of the land would have been entitled to petroleum had he discovered it. That right will be taken from

the owner of the land by this Bill. Every owner who previously had the right to petroleum will lose it, and it will pass to the Crown. In legislating we should have some regard for rights that were previously granted. To show that we are not carrying out an act of confiscation without compensation, we should make provision in this Bill that people who were entitled prior to the passing of this measure to any petroleum found on their land would be entitled to share in the royalties that might be received over a certain period. I therefore move an amendment—

That in Subclause 2 after the word "compensation" in line 22 the following words be inserted:—"And if petroleum be discovered on any land as referred to in this subsection, the owner of such land shall be entitled in addition to and without prejudice to any claim for compensation hereunder to receive from the Minister one-fifth of all royalties paid to the Minister in each year by the licensee or lessee in respect of the production of petroleum from such land limited to a period of 20 years computed from the date when the licensee or lessee shall first pay to the Minister a royalty in respect of such production of petroleum, such proportion of royalty to be paid quarterly from such last-mentioned date."

This is a more effective way of dealing with the question of compensation than any other.

The CHAIRMAN: This looks like an appropriation of revenue.

The CHIEF SECRETARY: If there were any question of compensation there might be some merit in the amendment, but there is no such question. Section 159 of the Mining Act reserves to the Crown all other minerals, including mineral oil. In the Act of 1920 there are sections which set out what must be mentioned in a grant. The previous position is not affected. It is a very involved question. For instance, I may own a block of land. Someone else may find oil a mile away from my property. My land may be within the area of the oil basin, and the people who put down the well may draw oil from underneath my property. Mr. Nicholson claims that I am entitled to compensation. I ask him how he will compute the quantity of oil drawn from my property, 2,000 ft. or more below the surface, and brought to the surface through a bore a mile away? In addition, there is the fact that I have held that land and made no effort to discover oil. Someone else spends hundreds of thousands

of pounds and finds oil. Mr. Nicholson says that because that man discovers oil, I should exact tribute from him. Is that reasonable?

Hon. H. S. W. Parker: That man also provides the means by which the oil is brought to the surface from beneath your property.

The CHIEF SECRETARY: That is so. The suggestion is unreasonable.

Hon. G. W. Miles: And your property would appreciate in value because of the discovery of oil.

The CHIEF SECRETARY: Certainly.

Amendment put and negatived.

Clause, as previously amended, put and passed.

Clause 16—On discovery of payable petroleum, licensees may claim reward leases:

The CHIEF SECRETARY: I move an amendment—

That in line 5 of Subclause 1 the words "sixteen square miles," inserted by a previous Committee, be struck out and the words "four miles square" inserted in lieu.

When I agreed to the amendment, I pointed out that I did so because I could see no material difference between "four miles square" and "16 square miles" for the purposes of the Bill. I intimated that I would make inquiries, and, if necessary, move, on recommitment, to reinsert the words originally struck out. Apparently there is a material distinction from the standpoint of the Bill between 16 square miles and four miles square. If we legislate for a reward lease four miles square, we will have a rectangle, whereas if we make provision for 16 square miles there will be an opportunity to take up a lease of an irregular shape that may be unfair to others desirous of taking up leases.

Hon. H. S. W. Parker: Is there not provision that the lease must be twice as wide as the length?

The CHIEF SECRETARY: That applies only to the second discoverer of oil. The idea is that the leases shall be so arranged in a particular area that there shall be no mistake regarding boundaries, and, secondly, that there shall be some order in the division of the oil-bearing country. There will be no disadvantage to the person applying for a lease.

Hon. H. Seddon: I think I can show you there will be a disadvantage in not being able to take up 16 square miles.

The CHIEF SECRETARY: Of course the hon. member will mention the oil structure that is very narrow and very long. If, in that event, he could take up 16 square miles, he might be able to secure much more than his fair share of the oil-bearing district.

Hon. H. Seddon: If he can take up four miles square only, he may not get what he is entitled to.

The CHIEF SECRETARY: The man will be entitled only to what the Minister grants to him. It is not a question of being entitled to the whole of the oil-bearing area. The advisory committee agreed that the provision in the Bill was reasonable. They did make one exception regarding Freneys, which company has been operating in the far North for some years. It was estimated that the area of the country in which they hope to find oil is 225 square miles in extent, and for that reason the limitation is included in the Bill regarding 225 square miles in the case of the first discoverer of oil.

Hon. H. Seddon: But Freneys may not be the first discoverers of oil in this State.

The CHIEF SECRETARY: That is quite so, but according to the experts that is the largest area that has been suggested to date. In view of the explanation, I can hardly imagine that the Committee would insist upon retaining their amendment in the clause.

Hon. H. SEDDON: There is much in the argument the Minister has advanced regarding irregular leases. That difficulty can be overcome by means of the amendment Mr. Parker proposes to move. A disadvantage would be imposed by limiting the area to four miles square as against the right to take up 16 square miles. The Minister referred to Freneys, and the right of the first discoverer of oil to take up 225 square miles. Another company is operating in Western Australia, and promising indications have been discovered. I am given to understand that the company's geologist has recommended his principals to commence boring, and from what I know of the people interested, they will get to work promptly if they decide to go on with it. There is just a chance that they will be the first to discover oil in Western Australia.

Hon. J. J. Holmes: More power to them!

Hon. H. SEDDON: Quite so. Therefore the Government's proposal as it affects Freneys, would impose a disadvantage upon the company that actually first discovered oil in the province concerned, because they would be limited to an area four miles square, or, if Mr. Parker's arguments prevail, to 16 square miles. The oil structure has to be found and it may be irregular. Ordinarily it is oval-shaped, but its boundaries are hard to determine. They can be ascertained only by repeated borings, and boring to a depth of 4,000 feet is very expensive. If oil is discovered, the company can take up a lease extending two miles from the bore in one direction, and two miles in another direction, which would provide four square miles. The result might be that part of the dome might be left open to be taken by another interested party. As the other party would be drawing from the lower part of the dome, they would not only draw oil from their own well, but would also drain oil from the reward area. The result would be that the second company would rob the original discoverer of the oil to which he was rightly entitled. A set of conditions is going to be produced detrimental to the oil field, as a result of competitive boring. By giving him the right to have 16 square miles, a sufficiently large area on one side of the dome can be taken to protect him and to provide that within that 16 square miles he can retain the oil he has got. If we limit him to four miles square, we are going to leave much more ground open and allow a competitor to come in and start draining the oil from his area. I consider that each person discovering oil should have a right to the structure. The feeling of the House is against that because it is contended it would be too much in the direction of a monopoly. Therefore, although it is against the scientific exploitation of oil, I agree to the proposal of Mr. Parker to allow the first discoverer of oil to take 16 square miles in the form of a rectangle and protect him as far as that side of the dome is concerned.

Hon. H. S. W. PARKER: I should like to ask the Minister whether there is any objection to the area being a rectangle. I would like to add after the words "16 square miles" the words "in the shape of a rectangle the length of which shall not exceed twice the breadth." I will move that accordingly.

The CHAIRMAN: The hon. member cannot do that at this stage. The question be-

fore the Chair is that "16 square miles" be left out. If those words remain in the hon. member can then move his amendment.

The CHIEF SECRETARY: I can only stress the point that it is considered absolutely necessary to retain the four miles square provision. This is the advice of those people who are supposed to know the subject very thoroughly.

Hon. H. S. W. Parker: Did they agree to 225 square miles being granted in the form of a rectangle?

The CHIEF SECRETARY: I admit that the case put forward by Mr. Parker with reference to 225 square miles being granted in the shape of a rectangle would make it appear that there should be no reason why every lease should not be allotted in the same way. But there are special circumstances associated, I understand, with this particular area. The provision regarding 225 square miles being allotted to the first discoverer in the shape of a rectangle was inserted to give some protection to the company operating at the present time. I realise that Mr. Seddon has given a good deal of time and consideration to the Bill and has put forward a case that shows that unless great care is exercised certain things are likely to happen, that the full value of the oil field is not likely to be obtained by the people operating on it unless there are very stringent regulations dealing with certain things. But even if the idea he has suggested were agreed to, the probability is that whoever might be granted a lease in the form of a rectangle, as stated by Mr. Parker, would still have to face competition, only from a more limited number of people. My reading of the Bill leads me to believe there is sufficient provision, particularly under regulations, whereby the matters referred to can be dealt with. I shall insist on the retention of the four miles square provision rather than 16 square miles.

Amendment put, and a division taken with the following result:—

Ayes	..	..	..	..	6
Noes	..	..	..	..	11

Majority against .. .. 5

Hon. J. M. Drew  
Hon. G. Fraser  
Hon. E. H. Gray

Aves.

Hon. W. H. Kitson  
Hon. H. V. Piessie  
Hon. C. H. Wittenoom  
(Teller.)

Noes.

Hon. E. H. Angelo	Hon. G. W. Miles
Hon. C. F. Baxter	Hon. J. Nicholson
Hon. C. G. Elliott	Hon. H. Seddon
Hon. V. Hamersley	Hon. H. Tuckey
Hon. J. J. Holmes	Hon. H. S. W. Parker
Hon. W. J. Maou	(Teller.)

Amendment thus negatived.

Hon. H. S. W. PARKER: I move an amendment—

That after "sixteen square miles" the words "in the shape of a rectangle the length of which shall not exceed twice the breadth" be inserted.

Amendment put and passed.

Hon. H. SEDDON: I move—

That in line 6 of Subclause (2), the word "four" be struck out and "eight" inserted in lieu.

My reason for suggesting the larger area is to bring it into line with the idea that the size of the lease at present is too small. Since the last Committee I have been in touch with a leading oil man who has had experience in practically every oil country in the world, and he said definitely that an area of 160 acres was far too small. I told him it was my intention to try to induce the House to adopt the same area as the Federal Government in Papua. I am asking the Committee to grant to the second licensee to discover payable petroleum eight square miles as his reward lease. If a man were given only 160 acres, he would be limited considerably and we should have a lot of little men competing and having to make their own arrangements to market the oil. The man who owned the pipe line would practically control the field. Therefore each would have to make arrangements for piping, which would not be economical. A man with oil would have to be prepared to face the expense or sell his oil to the man who owned the pipe line. In view of the enormous capital cost involved in drilling, I ask members to agree to a more substantial reward lease to the second discoverer of oil.

The CHIEF SECRETARY: I oppose the amendment. There is a big difference between Papua and Western Australia and I am wondering what notice we should take of our advisers. The Government are in a position to obtain the best possible advice.

Hon. G. W. Miles: Who are your advisers?

The CHIEF SECRETARY: Professors in the service of the Commonwealth Government, the acknowledged experts in Australia.

Hon. E. H. Angelo: Have they had experience in other parts of the world?

The CHIEF SECRETARY: Dr. Woolnough and Dr. Wade are recognised oil experts in this part of the southern hemisphere. I can understand any man interested in oil striving to get better concessions than those contained in the Bill. Our advisers consider 160 acres satisfactory for the second discoverer of oil. Yet the hon. member would increase the area by 100 per cent. Amendments have been made which the Government are not likely to accept because they are opposed to the advice of experts, which must be adopted by the Government.

Hon. H. SEDDON: I think I know a little more about the Bill than does the Minister, and I do not say that offensively. I would be prepared to have the point discussed by the oil expert I quoted and the Government's advisers, and to abide by the decision. The expert I quoted is a man as highly respected by the Minister as by me.

Amendment put and passed; the clause, as further amended, agreed to.

Clause 23—Minister may issue permits to explore:

Hon. H. SEDDON: I move an amendment—

That the following paragraphs be added to Subclause (1):—“(e) Confer by such permit the exclusive right to explore the land defined in the permit. (f) Limit the area to which the permit extends so as not to exceed twenty thousand square miles.”

Possibly two people would be exploring in the first step would be to ascertain whether the beds were outcropping, and then a rough idea could be formed of the nature of the ground below the surface. The outcrops would disclose whether the rocks were oil-bearing, and they could be followed until a spot was reached with a rise in the strata. That would be the dome or anticline and would indicate the deposit of oil. When the time arrived for geophysical exploration, which would indicate the area containing the oil, one man might have spent a considerable amount of money, while the other might have engaged in only a sham survey alongside him. The second man would probably get an inkling of what was happening, apply for the area and get it, and thus take advantage of the other man's work. In goldmining a certain amount of protection is afforded, because no other

party may work on a prospecting area. I wish to set out an area of country and give a man 12 months' protection in which to carry out preliminary work. If he does not complete the work in 12 months, the area may be thrown open to other people, but the man making the preliminary survey should be adequately protected.

The CHIEF SECRETARY: The amendment is entirely at variance with the principle underlying the Bill. In the first place, the idea is, as I have said repeatedly, to encourage as many people as possible to search for oil in Western Australia. The permit to explore is a kind of preliminary permit for men to do work which gives them grounds for believing that if granted a license to prospect they will have a reasonable chance of finding oil. The Minister would have just the same difficulty in regard to determining what area should be granted to those desirous of a permit to explore as the hon. member suggests. The Minister would have when applications are made to him for a license to prospect. If what the hon. member says is correct—and I believe it is—anyone applying for a specified area in which to carry out his explorations will be faced with great difficulties. He has first of all to do this preliminary work before he can say what particular area is suitable, from his point of view, for the production of oil. Otherwise—if he does not do that preliminary work—he is going to stab in the dark and say, “I want a certain area somewhere in that particular district.” So that we reach a position where it is absolutely necessary that we should not limit the number of permits to explore, but should give every bona-fide applicant a permit to explore in any oil province. The Bill lays down conditions which would prevent the happenings that the hon. member fears. Undoubtedly the holder of a permit to explore is called upon to do certain things: he shall carry out work in a certain way, shall present reports to the Minister quarterly, and do other things which would prevent those happenings which the hon. member suggests as being likely. The question of licenses to prospect is altogether different. The preliminary work has already been done; and the explorer is satisfied that he has a chance to discover oil in that area, and therefore he applies to the Minister for a license to prospect in that area. The hon. member suggests that there may be

more than one applicant for the same area. That may be; but is not the Minister in possession of all the facts of the case and has he not been supplied by each of the applicants with reports of the work they have been doing? The Minister would have an accurate knowledge of the work performed by all the holders of permits to explore. If there should be an individual representing a company who comes into a particular area holding a permit to explore, but for his own ends endeavouring to take advantage of the work of somebody else, it would be up to the man who is actually, genuinely doing the work to point out to the Minister the fact that somebody else is operating in the same area and endeavouring to take advantage of the work done by him. The Minister would be provided with all the information that could be given, and consequently the second man could not possibly secure the advantage the hon. member suggests. I certainly cannot accept the amendment.

Amendment put and negatived.

Clause put and passed.

Clause 46—Governor may grant petroleum leases:

Hon. H. SEDDON: I ask the Committee to assist me in amending the area from 160 acres to eight square miles. I have already given my reasons. I move an amendment—

That in Subclause 2 the words "one hundred and sixty acres" be struck out, with a view to the insertion of other words.

The CHIEF SECRETARY: I have already spoken on this proposal. I state the position correctly when I say that agreeing to the amendment will mean that all those persons who apply for leases after oil has been first discovered will get an equivalent area, and that there will be no difference in area as between the second discoverer of oil in the province and any other lessee except that the second discoverer would have a lease in the form of a rectangle whose length is not to be more than twice its breadth, its area to be eight square miles. The hon. member desires that all leases shall be of an area equivalent to eight square miles. I can only reiterate, as I have so often said, that the areas in the Bill have been arrived at only after exhaustive study on the subject, and that the Mines Department are advised that an

area of 160 acres is ample for any ordinary lease granted under the measure.

Hon. H. S. W. Parker: Should not the 160 acres be a rectangle also?

The CHIEF SECRETARY: One hundred and sixty acres is only half a square mile.

Hon. H. S. W. Parker: But it might go along in a thin strip; and that, I understood, was the objection to the other proposal.

The CHIEF SECRETARY: As the Bill stands, there is no restriction; and the area of 160 acres may be in any shape. It is, however, a very small area. I must oppose the amendment.

Amendment put, and a division taken with the following result:—

Ayes .. .. .	10
Noes .. .. .	9
Majority for .. ..	1

#### AYES.

Hon. C. F. Baxter  
Hon. J. Cornell  
Hon. L. Craig  
Hon. V. Hamersley  
Hon. J. J. Holmes

Hon. W. J. Mann  
Hon. H. S. W. Parker  
Hon. H. Seddon  
Hon. C. H. Wittenoom  
Hon. C. G. Elliott  
(Teller)

#### NOES.

Hon. E. H. Angelo  
Hon. J. M. Drew  
Hon. G. Fraser  
Hon. E. H. Gray  
Hon. W. H. Kiltson

Hon. G. W. Miles  
Hon. J. Nicholson  
Hon. G. B. Wood  
Hon. H. V. Piesse  
(Teller)

The CHAIRMAN: I give my vote with the Ayes. My reason for doing so is to reward Mr. Seddon's pertinacity.

Amendment thus passed.

Hon. H. SEDDON: I move an amendment—

That the words "eight square miles" be inserted in lieu of the words struck out.

Hon. G. W. MILES: I oppose the insertion of "eight square miles." I hope the Committee will not agree to it. An area of 320 acres would be sufficient.

Hon. E. H. ANGELO: I supported Mr. Seddon in his desire to increase the areas for the first and second discoverers, but I cannot agree to his proposal that the area should be made eight square miles for any such discoverers. Mr. Miles' suggestion of 320 acres is a good one, but the area should be made rectangular.

Amendment (to insert eight square miles) put and negatived.

Hon. G. W. MILES: I move an amendment—

That "320 acres" be inserted in lieu of the words struck out.

Amendment put and passed; the clause, as further amended, agreed to.

Bill again reported with further amendments.

*House adjourned at 10.5 p.m.*

## Legislative Assembly.

*Tuesday, 10th November, 1936.*

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

### DEMISE OF KING GEORGE V.: ACCESSION OF KING EDWARD VIII.

#### *Messages in Reply.*

Mr. SPEAKER: I have received the following Message from His Excellency the Lieut.-Governor:—

The Hon. the Speaker of the Legislative Assembly, Perth. Sir, I have it in command from the King to thank the members of the Legislative Assembly and to convey to them the deep appreciation with which His Majesty has received their kind message of sympathy.

Mr. SPEAKER: I also have the following message from His Excellency the Lieut.-Governor:—

The Hon. the Speaker of the Legislative Assembly, Perth. Sir, I have it in command from His Majesty the King to express his sincere gratitude of the members of the Legislative Assembly for their congratulations to him on his accession to the Throne.

### QUESTION—METROPOLITAN MILK BOARD.

#### *Audit of Accounts.*

Mr. NEEDHAM asked the Minister for Agriculture: 1, Is he aware that the audit of accounts of the Metropolitan Milk Board for the financial year ended 30th June, 1936, has not yet been presented to Parliament? 2, Will this document be presented to Parliament before discussion ensues on the Metropolitan Milk Act Amendment Bill?

The MINISTER FOR AGRICULTURE replied: 1, Yes. 2, These accounts are at present being audited and as soon as completed will be presented to Parliament.

### QUESTION—RAILWAYS, DIESEL CARS.

Mr. NORTH asked the Minister for Railways: Is it his intention to introduce any of the Diesel rail cars now on order into the Perth-Fremantle service?

The MINISTER FOR RAILWAYS replied: The question of distribution of these coaches is under consideration by the Commissioner of Railways.

### BILLS (2)—FIRST READING.

1. Vermion Act Amendment.  
Introduced by the Minister for Agriculture.
2. Guildford Cemeteries.  
Introduced by the Minister for Lands.

### BILLS (2)—THIRD READING.

1. Forests Act Amendment Continuance.
2. Dividend Duties Act Amendment.  
Transmitted to the Council.

### BILL—FACTORIES AND SHOPS ACT AMENDMENT.

Report of Committee adopted.