

There is no hotel in the Mt. Lawley area, but there may be several gallon licensees who are catering fairly successfully for the demands of the public. To cut off supplies from people who have been used to obtaining them from this source would be wrong. As a prerequisite to the sales of single bottles of liquor they should be required to stock other commodities, but perhaps not substantial quantities of groceries.

#### Progress

Progress reported and leave given to sit again, on motion by Mr. I. W. Manning.

#### BILLS (2): RETURNED

1. Bunbury Harbour (East Perth-Bunbury) Railway Bill.
2. Taxi-cars (Co-ordination and Control) Act Amendment Bill.

Bills returned from the Council without amendment.

#### ADJOURNMENT OF THE HOUSE: SPECIAL

**SIR DAVID BRAND** (Greenough—Premier) [12.24 a.m.]: I move—

That the House at its rising adjourn until 2.15 p.m. today (Wednesday).

Question put and passed.

*House adjourned at 12.25 a.m.  
(Wednesday).*

## Legislative Council

Wednesday, the 6th May, 1970

The **PRESIDENT** (The Hon. L. C. Diver) took the chair at 4.30 p.m., and read prayers.

#### QUESTIONS (8): ON NOTICE

##### 1. FIRE BRIGADES

###### *Extension of Metropolitan Services*

The Hon. J. DOLAN, to the Minister for Mines:

- (1) Has the Fire Brigades Board plans for—
  - (a) adding to the existing fire-fighting facilities at Cannington Station;
  - (b) providing a new fire station south of the River; and
  - (c) extending fire-fighting services in the Metropolitan Area?
- (2) If so, what are the details?

The Hon. A. F. GRIFFITH replied:

- (1) and (2) There is no planning for additions to facilities at Canning Fire Station but provision has been made during the 1970-71 financial year for an additional

fire station "south of the river" which would be staffed by permanent firemen and give cover to areas at present relying on Canning Fire Station for fire protection.

In the 1969-70 financial year a new Fire Station is being constructed at Balcatta and the Bassendean Fire Station is being re-constructed to make possible the deployment of a "permanent" crew in addition to the volunteer brigade.

##### 2.

#### CROWN LAND

##### *Release for Agricultural Purposes*

The Hon. V. J. FERRY, to the Minister for Mines:

- (1) How many blocks of Crown land have been released for agricultural purposes under conditional purchase conditions over the last ten years?
- (2) What total number of applications for these blocks were received?

The Hon. A. F. GRIFFITH replied:

- (1) 5,266.
- (2) 25,545.

##### 3.

#### MINES DEPARTMENT

##### *Staff Resignations*

The Hon. J. J. GARRIGAN, to the Minister for Mines:

- (1) How many senior officers of the Mines Department have resigned since the 1st July, 1969?
- (2) How many of these officers were senior mines inspectors?
- (3) Were any specific reasons given for these resignations?

The Hon. A. F. GRIFFITH replied:

- (1) Eleven.
- (2) Three.
- (3) Higher salaries elsewhere.

##### 4.

#### MEDICAL PRACTITIONERS

##### *Western Australia: Number Registered*

The Hon. R. F. CLAUGHTON, to the Minister for Health:

How many medical practitioners are at present registered in Western Australia?

The Hon. G. C. MacKINNON replied:  
There are 1,200 medical practitioners registered and practising in Western Australia.

##### 5.

#### WOOL

##### *Collusive Buying*

The Hon. G. E. D. BRAND, to the Minister for Mines:

- (1) Is it a fact that collusive buying takes place, at wool sales in Western Australia, by agents for buyers from other countries?

- (2) Is wool being sold at approximately 10 to 15 cents per pound below what overseas buyers would be willing to pay?
- (3) (a) Has any investigation been made to rectify this situation, thus enabling sellers to receive a more equitable price for the wool; and
- (b) if not, will the Minister initiate such an inquiry?

The Hon. A. F. GRIFFITH replied:

- (1) It has not been established that collusive buying takes place, at wool sales, in Western Australia.
- (2) There is no evidence of this.
- (3) (a) and (b) No. An investigation of factors affecting wool prices is being made by an advisory committee of industry leaders and experts set up by the Australian Wool Board.

#### 6. UREA Price Rise

The Hon. J. HEITMAN, to the Minister for Mines:

- (1) Is the Minister aware that the price of urea has risen ten to twelve dollars per ton since the 1969 season?
- (2) (a) Is the Minister satisfied that the \$36 per ton subsidy is being passed on to the consumer;
- (b) if not, will he institute an inquiry into the matter in conjunction with the Minister for Customs and Excise in the Federal Government?
- (3) (a) Is it correct that any agent taking delivery of a 7,000 ton consignment of urea pays \$54.60 per ton ex ship Fremantle; and
- (b) if so, does the Minister consider that agents' commissions are too high when the rural industry is struggling to survive?

The Hon. A. F. GRIFFITH replied:

- (1) Yes. On the 1st February, 1969, the list price to consumers was \$64.50 compared with a present list price of \$75.80.
- (2) (a) and (b) Yes, in respect of the price paid by consumers before the implementation of the scheme in August, 1966, and manufacturing developments in Australia since that date.
- (3) (a) and (b) These details are not available to me. However, non-dumped prices for imported urea are fixed by the Minister for Customs and Excise, and imports at \$54.60 per

ton would be subject to dumping duty to bring the sale price to more than the local consumer list price.

7 and 8. *These questions were postponed.*

#### LEAVE OF ABSENCE

On motion by The Hon. A. F. Griffith (Minister for Mines), leave of absence for six consecutive sittings of the House granted to The Hon. L. A. Logan (Minister for Local Government) on the ground of Government business overseas.

On motion by The Hon. W. F. Willesee (Leader of the Opposition), leave of absence for six consecutive sittings of the House granted to The Hon. F. R. H. Lavery (South Metropolitan) on the ground of ill health.

On motion by The Hon. S. T. J. Thompson, leave of absence for six consecutive sittings of the House granted to The Hon. N. E. Baxter (Central) on the ground of private business.

On motion by The Hon. W. F. Willesee (Leader of the Opposition), leave of absence for six consecutive sittings of the House granted to The Hon. R. H. C. Stubbs (South-East) on the ground of parliamentary business overseas.

#### MILK ACT AMENDMENT BILL

##### *Second Reading*

Debate resumed from the 5th May.

**THE HON. W. F. WILLESEE** (North-East Metropolitan—Leader of the Opposition) [4.44 p.m.]: This Bill to amend the Milk Act contains three basic provisions. To use the words of the Minister who introduced the legislation, it is a price-fixing measure in connection with Government contracts.

In the first instance the Bill enables prices to be fixed on two classes of whole milk supplied by producers.

I am advised that the difference in price is quite startling. The producer will receive 40c for whole milk used as whole milk, and 20c per gallon for whole milk used for table cream production. The purpose of the amendment is to provide for the separate prices so that they will be clear and definite. Apparently confusion has existed in the industry concerning this matter. Of course, the price affects all those in the industry from the person who initially supplies the milk to the consumer.

It can be said that the Bill provides for a two-price system which will clarify the difficulty at present existing. I understand that this amendment has been requested by both producers and the milk companies. On that basis we could say that the amendment is worth a trial.

The second provision deals with a special license required in certain circumstances. At present any milk vendor must possess a license, but he is restricted to sales within the area specified in the license and as a consequence cannot contract to do business outside his specified area. If we regard this from the point of view of orderly selling, it has much to commend it and is advantageous.

However, in view of the legislation before us, it is obvious that this situation has created a problem because when Government bodies or organisations, or other institutions, call for tenders for the supply of milk, they can receive tenders only from those licensed within the district concerned; and obviously this is a bad feature because of the lack of competition involved which results in a detrimental effect on the price paid by the institutions.

Consequently this Bill provides for a special license to enable people to compete in this particular field, because it will disregard normal boundaries. I believe this is a good feature of the Bill because, in my opinion all institutions throughout the metropolitan area—schools, hospitals, and the like—should be able to obtain the cheapest supplies of milk available, bearing in mind that the quality and standard of milk are even. This is not possible at the moment under the restricted licenses available.

I am advised that the special licenses will not be transferable as is the case with the ordinary milk vendor's license. Therefore they will be restricted to the persons to whom they are issued.

The third provision is closely allied to the second, and it is with regard to this provision that I have some difficulty in establishing whether the situation is as clear as it might be. My understanding of the provision is that a minimum price will be fixed when tenders are called for special licenses. If this is the case I believe that the provision will create difficulties. Will the board itself set the minimum figure, or will the Tender Board accept the lowest figure? In my opinion the Tender Board would be compelled to accept the lowest figure tendered.

The Hon. G. C. MacKinnon: You are talking about clause 3?

The Hon. W. F. WILLESEE: Yes.

The Hon. G. C. MacKinnon: Perhaps if you think of quantity—

The Hon. W. F. WILLESEE: I will come to that, but I thank the Minister for his help. The point I am dealing with at the moment is whether the Tender Board must accept the lowest tender. If a large company, with a great capacity, tendered a slightly lower figure than its competitors, would it receive the contract for all the institutions in the metropolitan area?

If the Milk Board suggests a minimum price, then several companies would submit tenders on the basis of that price. In those circumstances, what criteria would be used to decide which company would receive the license, bearing in mind that the standard of milk is equal; because in most cases the companies are supplying milk of an established standard? I can see no basic qualification which would indicate that tenderer A would be any better than tenderers B, C, D, or E.

In those circumstances we would have one tenderer submitting a price below the others and thus achieving what this Bill seeks to remedy. The introductory remarks of the Minister were that one company had been doing this in the past, and yet, under this provision, we will be putting ourselves in exactly the same position. The operations of the Tender Board will be ineffective because the board will be unable to consider the tenders on the normal basis.

I am worried about the minimum price because it will result in a loss of money to the producer. I am not concerned so much with the profit made by the retailers, because to them the sale of milk is only part and parcel of their operations. The bigger the organisation the more milk it sells and it would have a greater opportunity, therefore, to dictate to a producer and consequently force the producer to sell his milk at a lower price than would otherwise be the case. The moment this is done, and it is done at present, the people producing and supplying the milk are deprived of a certain margin of profit which is in turn passed on to the reseller. That situation would defeat the purpose of the Bill.

Because the grower is receiving a minimum price, and at the same time the seller is obtaining a maximum price, the seller has an opportunity to bargain.

I am aware that this legislation has been introduced in an endeavour to deal with the problem and give greater control to the Milk Board. Having looked at the legislation, I believe that it will not achieve what is desired. I feel it tends to favour the reseller a little too much. It tends to squeeze out, if I may use that expression, the small operator.

The present situation is that a person, whose license covers an area including certain institutions, has an opportunity to quote for the supply of milk to them. One can imagine that such a small man would probably, in any case, be passing the institutions and therefore could service them very easily without being involved in additional travelling. Such a service would mean a greater increment to his business. However, under this legislation I feel that such a person will be forced out of the picture because on the minimum

price basis, the companies with their more expensive equipment and greater development will take over the business at present enjoyed by the small man. That is what I fear under this legislation.

I noticed that the Minister in another place more or less acknowledged that the Bill was a trial and error piece of legislation. He said that, upon the passing of the Bill in another place, he would have a conference with interested parties to discuss any problems which they might put forward. He also said that he was prepared to submit, for consideration by this Chamber, anything which might come forward. The Bill is before us at the moment without any such amendments and I can only conclude that a compromise has been reached with the idea of placing the measure on the Statute book on a trial basis. If we bear this fact in mind—namely, that it is on a trial basis—and realise its purpose is to eliminate some of the anomalies which have been apparent in the past; to give better control over milk deliveries; and a cheaper price in the end, at least to Government institutions, I think we will find the Bill is well worth a trial. I should like the Minister's assurance that he will quickly bring forward further amendments to the legislation if the fears which I have expressed eventuate.

**THE HON. CLIVE GRIFFITHS** (South-East Metropolitan) [5.1 p.m.]: The purpose of the Bill is to amend sections 26 and 30 of the Milk Act. My research has indicated to me that the Milk Act—indeed, the milk industry—has for a great number of years been one full of controversies, some of which have become very heated indeed. Over the years amending legislation has been brought before the Parliament in an effort to rectify some of the controversial issues.

In 1946 the title of the legislation was changed from the Metropolitan Milk Act to its present title. There have been numerous amendments since that time and, indeed, a Royal Commission into the industry.

I have looked at the issues which arose from time to time and I have read as much as I can on the subject. I have come to the conclusion that the prime purpose of the Act is to provide a sound industry which will produce a first-class product at a fair and reasonable price to the consumer. In the main, this has probably been achieved.

Most people would agree that this is an industry that needs to be controlled. It is the degree of control that I find very difficult to determine. Over the years the constitution of the Milk Board has been altered several times. It has been reduced in number from five to three. It had producer representation, then no producer representation, and then it went back again to having producer representation on the board.

Over the years the Milk Board has been subjected to much criticism by all sections of the community, including members of Parliament, for actions which it has, or has not, taken in some regard or other. Indeed, I have criticised it myself and I shall probably level further criticism during my remarks to the second reading.

However, I certainly mean no offence to the personal integrity of any of the past or present members of the board. I personally know only one member of the board, Mr. Arthur Mills, and I could not speak highly enough of that gentleman's character or integrity. I was delighted when I first heard that he was being appointed to the board, because I know the conscientious way in which he goes about his duties in the community.

My main criticism of the board is that I believe it has too much power and that it assumes any power that it does not have. I am critical of this aspect. I have talked with many people in the industry and they have agreed with me that the Milk Board has this power and it is not necessarily in the best interests of the industry or the community.

I contend that the Parliament should alter the constitution of the board once again to make provision for an additional representative from the retail dairymen's association. Such a representative would assist the board to arrive at a more balanced attitude overall when considering any action it may desire to take. If this were done, I consider a much happier situation would prevail and there would be less criticism of the board by milkmen who, at the moment, have no reason to believe that their interests are always considered.

Under the amendments proposed by the measure, many people feel that the board will not consider the small milkmen and that it apparently wants to cut out milkmen in the case of deliveries to shops or semi-wholesale establishments. In order to bolster this point of view, the Minister said that the treatment companies generally use an insulated or refrigerated vehicle for this purpose. I agree that this is a good method of delivery.

However, I have spoken to milkmen whose rounds cover deliveries to shops or semi-wholesale establishments. I am told that the rounds take from two and a half to three hours to complete and that, in all, somewhere between 200 and 250 gallons of milk are delivered per round. I am also told that this quantity of milk, which is delivered in two and a half to three hours to shops and semi-wholesale establishments, is effected by the milkmen who first go to the depot to pick up one load of milk, which they deliver. They then go back and pick up another load and do the same thing. Altogether, for a quantity of 200 to 250 gallons of milk, milkmen go to the depot about three times and the total

deliveries take place, as I say, in a total time of three hours at the most. If we reflect on this, we will realise that none of the milk would be in the milkman's delivery vehicle for more than an hour. In this time he takes it from the coolroom at the depot and delivers it to a particular establishment within the confines of a set district for which he is registered. The districts are very small indeed, geographically.

In any event, let us assume that refrigerated or insulated vehicles are desirable. I therefore pose the question: Why cannot a householder expect his milk to be delivered in the same way? I hope the Minister will answer this question later. I cannot see why people at Noalimba, or any other institution mentioned in the Bill, should have the added facility of having milk delivered in a refrigerated vehicle when an ordinary householder has to be content with milk being delivered in the way it is at the moment. The situation with home deliveries is that the milkman can deliver any time between 1 a.m. and 9.30 a.m. In fact, a milkman might start his round at 1 a.m. and not finish until 9.30 a.m. Therefore, the milk which is delivered to an ordinary householder could be on the delivery vehicle for 8½ hours, or some other lengthy period of time.

The situation is that we have been told that the big treatment plants make deliveries in refrigerated vehicles, and this method of delivery ought to be the rule. If that is so, I say it is equally justifiable for me to ask for milk which is sold to the general community to be delivered in refrigerated vans. We must bear in mind that members of the general community pay the highest price it is possible to charge under the Act for milk and the people who are receiving milk which is delivered in refrigerated vehicles are paying a much lower price. I ask the Minister to give some explanation of this point.

The board already has—or says it has—the power to decide what sort of vehicle milkmen will use. Consequently, there is absolutely no necessity for Parliament to pass any legislation which will insist that milkmen use refrigerated vehicles. If this method of delivery is absolutely necessary—and the Minister has suggested it is—at this stage there is no necessity for us to pass any legislation to put this into effect, because I repeat, the board already contends that it has the authority and power to decide what type of vehicle milkmen shall use to deliver milk. I cannot see any problems from that point of view.

Perhaps there is a problem in the cost and the fact that milkmen already say they are not receiving a fair price for their investment and the work which is involved.

The proposal is an extension of the board's obvious intention to restrict the amount of business available to milkmen.

By that I mean that, if the legislation is passed, we are providing the Milk Board with the means to restrict the amount of milk which milkmen can deliver in a particular area. Milkmen are already saying that the margin of profit is not sufficient to compensate them for the amount of investment and work which goes into a round. This being so, how the devil can we turn around and expect milkmen to go to the expense of supplying a refrigerated vehicle to deliver milk!

The Hon. G. C. MacKinnon: I have just checked my notes in the interests of verisimilitude. I did not say that refrigerated vehicles were essential. I think it would be advisable for the honourable member to read what I said, which appears at the top of page three of my notes. I simply said that they are used by certain people; that is all.

The Hon. CLIVE GRIFFITHS: I read the Minister's speech; I know what he said.

The Hon. G. C. MacKinnon: Then you have placed the wrong interpretation on it and you are misleading the House.

The Hon. CLIVE GRIFFITHS: I will permit myself to be diverted by the Minister for the purpose of this exercise. Why did the Minister bother to tell us—bearing in mind that he was endeavouring to convince the House and get members to support this legislation—that there is a present-day trend for milk treatment companies rather than individual milkmen to serve rounds consisting of milk shops or the semi-wholesale trade and that, for this purpose, insulated or refrigerated vehicles are used? I would take that to mean that this is a better and more desirable method of delivery.

The Hon. W. F. Willesee: It could be a statement of fact.

The Hon. G. C. MacKinnon: Did I say that it was better? I just stated a fact. I did not say whether it was better or worse.

The Hon. CLIVE GRIFFITHS: Anyway, I contend that if the milkman was encouraged to increase the amount of milk he delivered and sold so that, in turn, he increased the size of his business, he would be in a better position to afford to buy a more expensive vehicle that was insulated or refrigerated with which to deliver milk to the community.

I think that is a simple enough fact. Nobody can argue about it. If the milkman's business is sufficiently great and his profit is such that he can afford to buy bigger and better vehicles, surely it is in the ultimate interests of all concerned. After all, the biggest percentage of the community come within the category of ordinary householders. I would think

more milk is delivered to ordinary householders than to institutions or semi-wholesale places. So surely to goodness those people are in the majority and, therefore, they ought to be given equal consideration, bearing in mind the point I made earlier that they are paying the highest price for the commodity.

I do not wish to get into an argument about whether the price is right or wrong, although I will have something to say about that in a moment.

The Hon. F. J. S. Wise: You will get into an argument if you say something about it.

The Hon. CLIVE GRIFFITHS: Nobody wants to see monopolies created.

The Hon. W. F. Willesee: What about the brewery?

The Hon. CLIVE GRIFFITHS: If my line is followed—that is, that milkmen be encouraged to increase the size of their businesses—it could be said that it would tend to create monopolies. I believe that the provision in this Bill would, in fact, lead to monopolies because the more retail trade that is taken from milkmen and given to treatment plants, the more monopolistic the situation will become.

So the trend the Minister spoke of is a trend that is created not because the milkmen desire it, but because the board encourages it. The treatment plants want only big customers. In the outlying areas the shops and small institutions mentioned in the Bill will still have to be served by milkmen because the treatment plants will not want to send drivers 10 or 15 miles to serve them. So the milkmen registered for those districts will be expected to deliver the milk.

Clause 3 gives the board power to create a new special license which will restrict a vendor to selling milk only to the bodies or persons specified in that license. So far as I am concerned, I feel the purpose of my exercise is to endeavour to convince the members of this Chamber that my argument is correct, and to ask them to support an amendment I have on the notice paper. Subsequently I shall ask members to vote against clause 3.

Therefore, I was a little disturbed when Mr. Willesee suggested that he was prepared to go along with the proposal and give it a trial run because somebody somewhere or other mentioned that this proposal was to be only on a trial basis. I cannot recall reading anything in the Minister's speech which implied that this was to be a trial run. I cannot recall, after reading multitudes of *Hansards* over the last few days, that any of the powers given to the board have been taken away. Indeed, as mentioned before, I believe the board assumes a few powers it is not entitled to.

The Hon. G. C. MacKinnon: I think when you started your speech you said that this Act had been amended and the powers of the board changed from time to time.

The Hon. CLIVE GRIFFITHS: The powers have been increased.

The Hon. G. C. MacKinnon: I think you used the word "changed."

The Hon. CLIVE GRIFFITHS: Well, "increased" means "changed."

The Hon. G. C. MacKinnon: One form of change.

The Hon. CLIVE GRIFFITHS: I did not say what form. Before I go on I want to say that Mr. Willesee suggested that the present situation makes for a lack of competition and he felt that the new provision would obviate that. I think the situation is quite the contrary. I hope members will take notice of what I am saying because I believe that if they do they will agree with me and support my point of view when the time comes. I mentioned that I thought a contrary situation would prevail; and I think if we permit this to come about competition will be decreased. Under another provision in this Bill, of which I will speak later, the number of people who will apply for these licenses will be reduced to three. At the moment five licenses are issued in each milk district in the metropolitan area, or so I understand. If we support the Bill the number will be reduced to three.

Surely it is a simple enough deduction to make: that the competition will be lessened. I hope Mr. Willesee will have his fear dispelled and will see fit to support me.

I will get on with what I was about to say; I want to know why the board should have the authority, which the Bill proposes to give it, to issue special licenses. I can find no good reason, or any reason at all, in the Minister's speech why the board ought to have that authority. I also want to know what will be achieved if we do give the authority to the board. What will be the actual achievement if this state of affairs comes about?

At the moment the metropolitan area is divided into districts in which milkmen hold licenses, and that system works very well indeed. Perhaps the explanation of the Minister that the present position introduces legal problems of which Governments have been aware since 1933 is supposed to answer this question. I should hope that the Minister, when closing the debate, will explain to me what he means by that. The problem must either be enormous, because it has taken 37 years to solve, or it must be of such insignificance that nobody has seen fit to introduce a measure such as this.

All the measure will do is make great inroads into the livelihood of many small milkmen for the benefit of the treatment plants. Milkmen who have spent a lifetime in the industry, and worked very hard to build up a business, can see it being taken away from them.

The Hon. F. J. S. Wise: In some instances it is the second generation.

The Hon. CLIVE GRIFFITHS: That is right; I agree. Mt. Henry home is an institution that happens to be in my electorate and it is a typical example because when it started off it used only 10 gallons of milk per day. The milkman delivering milk to that institution has built up his business until now he delivers 60-odd gallons a day. I have the figure somewhere because it was supplied to me in answer to a question I asked. The vendor did everything for his clients that a vendor should do, and he has built up his business considerably. However, now the treatment plants will come in and take over his business and he will just have to sit by and accept it. I can see no justification at all for that—none whatsoever.

I hope that I will be able to further prove my point by speaking on clause 2 of the Bill. I am going backwards because that is the way the Minister's notes are arranged. This clause seeks to do two things. Firstly, it provides for the fixing of separate prices for milk used for the production of cream, and milk used for the production of milk solids. Apparently, since 1968 the method used to determine the price received by the dairyman for his milk for milk, and milk for cream, has caused confusion amongst many people. The first part of the clause provides a solution to the problem, and I certainly have no argument against it. Indeed, I will give it my support.

The second part of the clause gives the board power to fix the minimum price that may be submitted when tendering for the supply of milk to Commonwealth and State departments and institutions, any public or private hospital, or any school or other institution approved by the Minister for the purposes of proposed new paragraph (Lb). I cannot see the necessity for the board to have that power; and I cannot see any advantage—apart from an advantage to the treatment plants—being obtained from this proposal.

I certainly cannot see how it can work; and to support my contention in this regard I wish to make a couple of observations. In the case of tenders submitted to the Tender Board, a minimum price will have to be made known before people submit their tenders—that is the way I see it, anyway. However, if the board intends to set a minimum price it will vary according to the quantity of milk, etc., that it is antici-

pated the institution concerned will take. Therefore, the minimum price will not be the same for every institution; it will vary.

As a result, it is not unreasonable to expect—and indeed if I were tendering I would want to know—that those tendering should be told what the minimum price is. If this is not done one could go to all the trouble of working out a price only to find that one's price was below the minimum permitted and on that score one's tender would be discounted. So it is obvious to me that advice about the minimum price would have to be given to all those interested in tendering before they actually tendered.

Now let us have a look at what will happen if this is the case. We will assume that those desiring to tender have been told what the minimum price will be; and we will assume also, because we do not know at this stage—the Bill does not say whether it will or will not be, but as I have just said, I cannot see how else it could work—that the price that is set will be a price above the wholesale price but below the semi-wholesale price. This, of course, immediately cuts out the milkman who obviously cannot afford to tender against the treatment plants whose normal price for selling milk is the wholesale price. Anything that the treatment plants get above the wholesale price is grist to the mill; because their normal price, after they have treated the milk, and that milk is sold to the milkman, is set at a figure of something like 60c a gallon. I am not sure whether that is the correct figure, but it is approximately that, and for the purpose of the exercise it does not matter whether the figure is right or not.

If the minimum price is set at something above that figure but below the price for which the milkman normally sells his milk to the semi-wholesale people then, obviously, the milkman cannot afford to compete and the milk treatment plants get the extra few cents a gallon.

It may be said that the milk treatment plant has to take the milk from the plant and deliver it to the institution concerned, wherever it happens to be, and that this will cost some money. I believe a treatment plant is established to treat milk; that the whole purpose of its function is to treat milk, and its profitability is worked out on the amount of milk that it can treat. It makes some cents per gallon profit at the end of that treatment. If it is going to cost the treatment plant a cent or so a gallon to deliver the milk that does not really matter because the treatment of the extra quantity of milk would cover the profitability of that side of the operation. The profit would certainly more than outweigh the cost of delivering the milk to the institution.

However, I do not think that matter would even arise. In many instances a treatment plant already delivers milk to

various depots sprinkled around the metropolitan area, and the cost of that delivery is borne by the present price structure in selling milk to the milkman, because the milkmen pick up their supplies from these various depots.

So I believe that the proposals in the Bill will only mean greater profits to the milk treatment plants at the expense of milkmen. However, I shall leave that aspect for a few moments and come back to the point I made a short time ago. I believe the proposals now before us will exclude milkmen and prevent them from tendering. Therefore, we are left with the three treatment plants. I am told that basically there are only three treatment plants in Western Australia and if the minimum price is already decided upon then it is not unreasonable to expect that when the tenders are opened they will all show the minimum price. I do not think it is unreasonable to assume that that will be the case.

Then, as Mr. Willesee said, how do we decide which one of these three treatment plants gets the contract to supply milk to the institution concerned? Who will decide that? Will the Tender Board decide it? Will the Milk Board decide it? Or will a conference between those two boards take place to decide it?

The Hon. R. Thompson: Or will it be a conference between the three milk companies?

The Hon. CLIVE GRIFFITHS: I am coming to that:

The Hon. V. J. Ferry: Or will they cut cards?

The Hon. CLIVE GRIFFITHS: Whatever is done the situation will be most unsatisfactory, to say the least. In the unlikely event of people other than the treatment plants tendering—and, as I have said, there are only three treatment plants in Western Australia—an entirely different situation may occur. Indeed, the minimum price may not be submitted by any of them. In that event I can foresee another most unsatisfactory possibility with the result that not only will the institution not save money but, in fact, it could easily pay a lot more for its milk.

In the past there has been talk in other organisations about collusive tendering. I would be the last to suggest that the three treatment plants would ever be guilty of collusive tendering, but the possibility for it is there, and it would be a golden opportunity when a situation such as that to which I have just referred is in existence. I do not think we should create such a situation; we ought to look at the prices of this commodity. On the one hand we have the maximum retail price—that is the maximum price for which the milk can be sold. At the other end of the scale we have a minimum price that can be paid

to the producer. I think everyone should get that situation perfectly clear in his mind.

Mr. Willesee said we ought to provide milk at the cheapest possible price. However, let us have a look at what we are doing. We have a minimum price which can be paid to the producer and there is a fixed maximum retail price that can be charged. Discounts or anything else that may be provided for along the line will not affect the dairyman because his minimum price is already fixed by the Act. Therefore, why, between those two prices, do we want to create a situation where we provide for another minimum price which will apply to certain institutions and Government instrumentalities?

Surely the best way to get the minimum price is to have open tendering, with no set minimum price and no preconceived idea of what the minimum is likely to be. That is the way business works all over the world. We do not see other people calling tenders and saying that they intend to set a minimum price. I have never heard the likes of that. Had a maximum price been set there might be some justification for such a provision in the Act—not that I could see any justification for it, but at least if a maximum was set the institutions or Government instrumentalities concerned would know there was no possibility of their having to pay more than that set maximum figure. But what we are doing by this Bill is completely the reverse; we are saying that we do not want people to tender if they intend to tender below the set figure. In other words, we say, "We don't want you to tender at a lower figure; we want to pay the minimum set, or more." What a crazy situation.

I will just quickly pass on to what happens in the case of the other institutions or bodies mentioned in the Bill which are not covered by the State Tender Board and whose normal requirements would not be tendered for through that body. What I am about to mention is what really happens and anybody who is naive enough to believe that it does not has not been around—I refer to the situation where a minimum price is set, and particularly in cases where tenders are not submitted to the Tender Board. In this situation the person who wants to supply a commodity says to the person who wants to buy it, "I am not allowed to charge you any less than the set figure, because the law says I can't. I will provide all your requirements at the fixed legal price but I will make it up to you by supplying you with other goods which I sell at a price lower than the normal."

I should imagine the same sort of thing could happen in the milk industry where milk, butter, cheese, cream, and so on are involved. In fact all the commodities supplied by the milk treatment plants are set out on the billheads or account forms



I have in front of me. In such a case a milk treatment plant would say to the person concerned at the institution, "We will supply your milk at the legal fixed minimum price, because we have to do that under the law but, because we want to get the tender over our competitors, for every gallon of milk you buy we will give you free so many pounds of butter, so much cheese, and so on." I can see the Minister is shaking his head.

The Hon. G. C. MacKinnon: Your ignorance is so abysmal that it frightens me and, furthermore, what you have said up to date would indicate that you wish the maximum price situation to continue under which this sort of skulduggery could take place.

The Hon. CLIVE GRIFFITHS: I say this can occur with the fixing of a minimum price. It cannot occur with the fixing of a maximum price, because they are not able to charge any more. This situation lends itself to undesirable practices. I suggest that members should not accept the principle of a minimum price, and I am sure they agree that the undesirable practices which I have mentioned are not beyond the realms of possibility. As I have already said, such practices occur in other industries. Anybody who is naive enough to think these practices will not take place has not been around.

Let us look at some of the prices that are being paid. We should bear in mind that tenders are called for the supply of various commodities to Government institutions. In the main what happens with the supply of milk is that one of the five licensed vendors for the district in which an institution is situated is awarded the contract. I have received from the State Tender Board a list which gives the prices quoted for milk supplied to a multitude of Government institutions for the period from the 1st March, 1970, to the 28th February, 1971. The difference in the prices is shown. From these prices we can obtain some idea of what prevails at the moment.

The Royal Perth Hospital purchases bulk milk at 58½c a gallon and buys bottled milk at 62½c a gallon. Princess Margaret Hospital buys it at the same price, and the Government receiving depot in Mt. Lawley buys it at 68½c a gallon. From the figures I have mentioned we see there is a difference of 10c a gallon in the prices paid by Government institutions for bulk milk. Incidentally, all this milk is supplied by a milk treatment plant.

On the second page of the list we find that the Mt. Henry Home is supplied with milk in bulk at 62c by someone other than a treatment plant. Under the present state of affairs we find the prices charged are

based on the distance between the vendor's place of business and the treatment plant, and on the quantity of milk supplied. Here the private enterprise system is working quite satisfactorily.

The indication is that the present state of affairs is not unfair. I have asked a series of questions about the position in respect of Noalimba, which is in my electorate; and I am sure that members have heard the questions. In this instance a milk treatment plant has tendered for the supply of milk to this Government instrumentality, which is located in an area not covered by the treatment plant's license. Apparently this is not the first occasion that this particular company has done this. The company contends that it is not breaking the law, according to the replies given by the Minister to my questions; but the Minister also said that as far as he was concerned the company is breaking the law.

This situation has prevailed since some time in February last, and it continues to prevail with no action being taken by anybody to prosecute the company. Perhaps what it is doing is within the law and the whole system of milk zoning is being imposed by the Milk Board illegally. I wonder why no action has been taken to stop the company from doing what it is doing, or to prosecute it. Perhaps the Minister will tell us when he replies to the debate. It seems strange to me that after asking several questions—

The Hon. G. C. MacKinnon: You have already told us why; because there is a grave doubt that action will succeed.

The Hon. CLIVE GRIFFITHS: After asking the questions I was somewhat surprised to find that the House would be confronted with a Bill to legalise, most definitely and without doubt, the action which has been taken by this milk treatment plant which is allegedly breaking the law. I do not know whether the Bill has been introduced especially to legalise the actions of people who are breaking the law.

What applies now has worked admirably, and there does not seem to be any problem. Everybody abided by the system, until one company cut the price of milk supplied to an institution in an area which the company's license does not cover.

I do not see anything fundamentally wrong with a person charging as low a price as he wishes, or selling at a loss; but he should sell the commodity in an area which his license covers. A price is fixed for milk supplied by milk producers, and a maximum price is fixed for milk supplied to the consumers. Why is there a need for a minimum price to be fixed in the middle of the two brackets? This will only lead to the institutions paying more, and certainly not less, for milk; and it will

aggrieve a major section of the milk industry. It will take away from them the clients and customers they have built up over a number of years.

The milkmen are a very important section of the industry. This is the section which is charged with the responsibility of collecting nearly all the money for the whole of the milk industry. Because they are the ultimate sellers of the product, theirs is the responsibility for collecting the money. For this privilege they pay in license fees an amount of something like \$40,000 a year. They are charged with a heavy responsibility, and yet we are endeavouring to do something which will hinder and restrict them; and we go out of our way to make their function in this industry less profitable to themselves.

For this reason, apart from the provision in clause 2 (a), I believe we ought to oppose the Bill. Indeed, I am not greatly optimistic of receiving much support; but if members give serious consideration to the points I have made they will, no doubt, agree with me that nothing is to be gained, and much is to be lost, from the provisions in clause 2 (b) and clause 3. That being the position I trust that members will see their way clear to support me.

**THE HON. N. McNEILL** (Lower West) [5.56 p.m.]: I wish at the outset to say that while I do not welcome this Bill necessarily, inasmuch as it does provide some amendments to the Milk Act, I am in the position where I give my support to it. I suppose that—without wishing to contravene the Standing Orders—it is a bit refreshing to find this House discussing a subject which is a little more wholesome than that being discussed in another place. I even note that this was the cause of an interjection during the contribution to this debate by the previous speaker.

As has been explained, I believe this Bill is, in fact, a prime example of the further extension of regulation and control; and inasmuch as it does this I must confess that I express little enthusiasm for it. I express little enthusiasm for the reasons which have already been given along the line, if not directly then perhaps by inference, by Mr. Willesee in that he experienced—I suspect—a little doubt in his mind as to how certain of these amendments may, in fact, operate by providing the authority for the implementation of certain controls. I likewise experience similar sorts of doubts.

I also receive some consolation in this thinking, because in relation to what has been said in another place, I noticed doubts that have been expressed in this House this afternoon were expressed there also. Obviously, this is one of the weaknesses of the Act. We have had no indication from the Minister that this Bill is being introduced on any sort of trial basis, but I suppose if one looks at this point in another

way, every piece of legislation has a certain trial aspect about it. When endeavouring to legislate for future activities and dealings one must legislate with the hope in mind that the legislation will work in the way it is intended to work.

Inasmuch as we have before us a Bill conferring on an authority certain powers, and that authority having been the subject of much criticism and much controversy in the past, certain doubts have arisen—rightly or wrongly—in my mind, and I believe in the minds of other members of this House, as to whether, in fact, the powers to be granted to the authority will be implemented in a way which will meet, firstly, the desires and wishes of the members of this Parliament, and secondly, the wishes and aspirations of the people who are involved in the industry itself.

The Hon. W. F. Willesee: I think that is the most important point.

The Hon. N. McNEILL: That is true. I was not wishing to indicate any order of priority when I made that statement, but that certainly is the more important aspect of the two, without doubt. In saying that, I believe it is always necessary when considering the activities and authority of a body such as this to remind oneself of its proper function and to ask oneself who in fact, will benefit. In other words, legislation should not necessarily be introduced for the purpose of making it more convenient, more straightforward, or easier for the administering authority.

I do not say this applies in the Bill before us although, once again, there have been some references to this point. One could gain that impression, a little, from a reading of the Minister's speech. However, let that be.

I think it is fair to say this Bill has three functions. In the first place, it will provide the legality, or validity, for a two-price structure in the returns to the milk producers. This will enable the sale of fresh cream at a lesser price than was previously charged. That, in itself, has a considerable background which I will develop at a later stage of my speech.

The second function of the Bill is to enable the authorities to fix minimum prices. This matter has already received a good deal of attention from Mr. Clive Griffiths and I believe that the attention has not been unjustified.

Members will appreciate that at the present time the Milk Act provides only for maximum prices. We have a completely new concept in the present Bill and there will be provision for a minimum price in respect of sales of milk to institutions of a sort which are approved by the Minister, whether they be Government institutions, or other types of institutions.

Presumably, this provision will also include some wholesale traders, even though they are not specified in the Bill.

The institutions are specified, but not shops. The Act will now provide for a minimum selling price, as well as the maximum selling price which applies at the moment.

I have had a little difficulty trying to interpret just what this will mean, and what the outcome will be. I share the doubts which have been expressed. The method of determining to whom the supply will be given, and which tradesman—milk plant or milk vendor—will, in fact, be granted a particular license to supply at a certain price, is so obvious.

There must be some doubt about the result of this method. To all intents and purposes the State Tender Board will not be operating in the sense it used to and prices will be arranged by consultation between the State Tender Board and the Milk Board.

While we may indulge in some discussion on how to determine who will be the successful recipient of a license to supply a certain institution, let us face it: the areas will be zoned and the licenses will be determined by the board. I do not think there will be a ballot; the system will be organised, and in saying that I do not express any great enthusiasm for this process. In other words, I go back to my opening comments and say it is, once again, an extension of regulations and control, the necessity for which I expressed some considerable doubt.

*Sitting suspended from 6.5 to 7.30 p.m.*

The Hon. N. McNEILL: Prior to the tea suspension I was making some general references to what I described as the three essential functions of the Bill before the House. To recapitulate very quickly, the first function was to provide a two-price structure in regard to the purchasing of milk from dairymen; the second function was to allow of price fixing at the semi-wholesale level of the industry and to provide at the same time an opportunity for various institutions to receive milk by virtue of an arrangement, as a result of that price fixing, which is outside the present zoning provisions of the Act and the regulations.

The third function, to which I was about to refer, is that which allows of the issue of a special license—a milkman's license or a milk vendor's license—to particular persons or bodies to enable them to be limited to the supply of milk to institutions they have nominated. This is a point to which Mr. Clive Griffiths has taken some exception, which I can well understand but about which I would like to make some further observations.

I would like to go into a little detail on each of the amendments in turn, starting with the two-price structure. In order to gain a proper understanding of the situ-

ation it is necessary to have the background to the production side of the industry. Members will know of the situation that has occurred in the last three years in connection with the production and sale of cream, which was brought to a head by the vending of scalded cream by persons who it was claimed were outside the ambit of the Milk Act. Scalded cream was being provided from licensed dairies and it was therefore felt by some sections of the industry to be in contravention at least of the spirit of the Milk Act by conferring certain benefits on that section of the industry through the Act and the Milk Board, and at the same time conferring other benefits from the sale of the product outside the ambit of the Act. However, the sale of scalded cream is still allowed, although it does not actually come within the ambit of the Milk Act.

In order to bring about a more satisfactory situation and to provide products which the people of Western Australia obviously desired and demanded, it was eventually determined that cream would be made available at a lower price than had previously applied with the pasteurised cream that was then on the market, which would then be available in certain grades and quantities. This was a very desirable thing. Certain methods were attempted to be adopted to provide for an adequate pricing structure and the particular course which was adopted was that which we now have before us for validation—a two-price structure wherein the whole-milk supplier is paid a price for that portion of his contract for milk which goes into whole-milk production and another price for that portion of his contract which is used for the production of cream, thus allowing cream to be sold at a price lower than the pasteurised cream that was previously on the market.

I would like to make some observations on this because it has been claimed by a section of the whole-milk producing industry that this in itself is a little unfair in that what is described in this Bill or by the Minister as a two-price structure is really a three-price structure. There is a price for contract milk used as whole-milk, there is a price for contract milk used for cream, and there is a third price paid by treatment plants to producers for that portion of their production which is known as surplus milk. It is claimed—and I am not convinced that this is correct—that the surplus milk does not come within the scope of the Milk Board and the Milk Act and that it is virtually a free product.

The surplus milk finds its way into manufacturing processes outside the scope of the Milk Board and into areas which are outside the South-West Land Division and beyond the 26th parallel. That milk

which is sold in northern areas, to quote one instance, is in fact milk which is legally described as surplus milk and it therefore does not come within the provisions of the Milk Act. While some requests have been made for this to be brought within the scope of the Milk Act and the Milk Board, at the present time the pricing situation enables the milk to be sold at a much lower price than would otherwise be the case in those distant and remote places. I believe it is necessary to have an understanding of this in order to form a view of the purposes of the Bill as a whole.

A portion of a dairyman's production is called his contract, or his quota. That is split into two parts, the wholemilk and the cream milk, for which he is paid two different prices. Hitherto, the cream milk portion and the price thereof were determined according to that portion of the contract milk which was turned into cream, so it was a variable price. Perhaps it amounted to 5 per cent. of the contract milk in the summer months and 10 per cent. in the winter months. I do not know whether those percentages actually apply but they will illustrate what I mean. It therefore became very difficult to ascertain the overall price of contract milk.

The Hon. G. C. MacKinnon: It depended on the number of people who were on diets.

The Hon. N. McNEILL: There were a number of considerations—the weather from day to day, and so on. Obviously there is great difficulty in determining what shall be the fixed price under the Act for the milk supplied by dairymen. I fail to see why steps could not have been taken by the Government and the board to bring about a situation whereby a farmer is paid, say, 40c a gallon for 100 per cent. of his contract milk. The quantity of milk needed for cream production would then be outside his quota and he would have the other portion of his production, the surplus milk, to dispose of in whatever way he felt inclined. This suggestion of mine has been put to the board and to various people in the industry and it has not yet been adopted. Therefore, presumably, I am wrong.

The Hon. J. Dolan: It takes a long time to get through to them, you know. It might take two or three years.

The Hon. N. McNEILL: I still persist with my contention. However, there may well be some arguments of which I am not aware as to why this cannot be implemented.

The end result of what is happening, from the dairy farmer's point of view, is that inasmuch as this cream milk represents a varying proportion of his contract, and is being sold at a lower price, it means

that the overall price, or the dairy farmer's total return, is less than he would receive if all of his milk went into his contract supply.

It is suggested that this is compensated for by increases in quantities of contract milk to individual dairymen and that this offsets some of the disadvantage resulting from the cream milk being taken out of his contract quantity. Remember that he receives some 20c for cream milk as against 40c, or thereabouts, for the whole milk part of his production.

I can well understand the desire of the board and the Government to validate this situation. It will certainly be far more understandable. I note from the Minister's speech that the representatives of the whole-milk section of the industry in the Farmers' Union, and the treatment plants association, concur with this, which is somewhat noteworthy. It occurs to me that while the concurrence of those two bodies is mentioned in regard to the two-price structure, no mention is made of it in the other provisions in this Bill. I wonder whether in fact the same situation applies in relation to them or whether they were omitted because concurrence was not obtained. I do not mean that in any sense of criticism because, as I have said before, I am not certain what the effects will be of some of the amendments that are proposed.

Now let me pass to some of the other functions, in particular the desire on the part of the board to institute a system whereby milk can be sold at wholesale or semi-wholesale rates in bulk quantities to certain institutions mentioned in the Bill—Government departments, institutions, hospitals, schools, and so on, and such other institutions as are approved by the Minister.

Let us look at the situation as it has been for some years since zoning came into force in the metropolitan area and parts of suburbs were virtually allocated to certain vendors for the supply of milk. There might be five vendors in a particular district. Within these areas there might be several institutions. Some have been mentioned in this Bill and some have been the subject of questions directed by Mr. Clive Griffiths—Mt. Henry, Ngāla, and Noalimba. The milk, in the country, comes mainly through three treatment plants.

One of the treatment plants has selling outlets which are virtually equivalent to the supplies available to it in the country. Another treatment plant has disposal outlets for milk much in excess of the supplies that are available to it. The third company is in the reverse situation. It has insufficient outlets through which it can dispose of the considerable quantities of milk it receives under contract from its suppliers throughout the country districts.

For a considerable period the company that balances, roughly, the milk that is sold through its outlets with the milk it receives, has proceeded fairly smoothly. Obviously the company that has a greater demand for milk through its outlets needs further supplies of milk from the dairying districts. This company has difficulty obtaining supplies in the first place, because most suppliers are committed already to supplying other treatment plants, and under the policies laid down by the board it is not easy to obtain new suppliers of milk unless the areas are extended, and I am pleased to note that the areas which supply whole milk have been extended during the last few months.

If all else fails, the company has one other source of supply; that is, to purchase its milk at an arranged price from the other company which has insufficient outlets for the supplies of milk it receives. In fact, that company has been buying milk from the third company for a considerable time. Obviously, such an arrangement does not suit either of the parties. It does not suit one company, because it is not developing a source of supply in the country, and it does not suit the other company because, virtually, it is compelled to sell milk at a wholesale rate to a competitive company.

I do not know with what degree of justification, but company No. 3 claims it cannot increase its outlets in the metropolitan area; that the board has not allocated areas in districts to those vendors who are able to sell its product. So, in order to break into the trade, it was placed in the position of virtually having to break agreements and cut prices to obtain these outlets, which were some of the institutions mentioned. This position was referred to by the Minister in his second reading speech, and argued a little differently by Mr. Clive Griffiths.

One must take a fairly charitable view of the situation, and the views expressed by the companies concerned must be fairly understood. This situation has been continuing for quite a long time.

The Hon. I. G. Medcalf: What is wrong with it?

The Hon. N. McNEILL: It has a limitation, inasmuch as zoning is applied in the metropolitan area and this company claims—I do not know with what justification—it is being unfairly treated in that it is not being given a sufficient number of outlets. This may lead to the comment that there may be some justification for arguing that some steps should be taken by the board to increase the number of outlets. I do not think it is a matter of the fault lying in the attitude of the treatment plants. It is more a question of what is wrong with the zoning principle. That is, it may not cater for the needs of an expanding industry.

The Hon. G. W. Berry: Create another zone.

The Hon. N. McNEILL: Reference has been made to this, but in this regard it is a question of expenditure and the degree of control and regulation which is being increased still further by this Bill. This may be the only effective step to take, but it will certainly not obviate the problem and, in fact, it may create more. Zoning itself has created certain problems in relation to the supply of milk and milk outlets, so in an endeavour to overcome the problems we find it necessary to introduce more restrictive regulations and controls in accordance with the provisions of the Act.

My other suggestion, which is somewhat parallel to what Mr. Clive Griffiths had to say on this provision in the Bill, is to permit the issue of licenses to the company which claims it has insufficient outlets in the metropolitan area, so that it may supply institutions. For obvious reasons I have not checked with the company, but I think that such a provision would meet with its approval. It would enable the company to supply milk on a more organised basis and, perhaps, in the future give it a fairer share of the milk supplied to those institutions, particularly those that are scattered throughout the metropolitan area.

The third provision I have mentioned relates to the determination of the price at which supplies of milk would be made available to institutions, and so on.

The Hon. I. G. Medcalf: What about the people who lose the business of supplying milk to the institutions?

The Hon. N. McNEILL: I am not sure whether I understand the point of the interjection. Perhaps Mr. Medcalf is referring to the people who supply milk to the vendors. Is that correct?

The Hon. I. G. Medcalf: Yes.

The Hon. N. McNEILL: Perhaps I have not explained myself as clearly as I would have wished. I was trying to describe the situation which exists only at the wholesale or treatment plant level. I could possibly speak in equal terms in regard to the allocation of districts of householders, in which districts the vendors are committed to, say, treatment plant No. 3. This would make available more outlets, too. However, this particular company has fallen foul, as it were, of the board in its administration—that is, in regard to institutions, but not householders—and this is one of the reasons why we hope to create a new situation.

I think it should be realised by members that many of the large vendors are committed to obtaining milk from certain treatment plants. I do not think it is any secret that many of the vendors are financed by treatment plants. When the board selects an area in which it can issue licenses to vendors, perhaps those vendors

have already been provided with the necessary backing and source of supplies which link them with one or another of the treatment plants. In this respect, treatment plant No. 3—I think members are aware of the company to which I am referring—may have fallen a little behind the field in that it has failed to gain its proportion of the household trade. Therefore, I do not think supplies should be taken away from one company to make up for what might be described by some as a lack of commercial enterprise on the part of the other company to acquire new districts.

I will now refer again to the question of price. There are some dangers in regard to this, mainly from the point of view of public comment. In the debate I think it has been said that vast quantities of milk can be made available and supplied in bulk, in cartons, or in bottles at a price lower than that charged now to an increasing number of institutions. As has been mentioned by the Minister, this may bring about some opposition from another section of the population, such as the householders, who may ask why they cannot obtain cheaper supplies of milk.

The Hon. E. C. House: I could not agree with you more.

The Hon. N. McNEILL: So perhaps such a provision may throw some doubt on the structure of the wholesale price of milk. To the extent that it does, it is a little unfortunate, because I agree with the contention of the Minister that any breakdown in this price-fixing structure will have an effect mainly on that section of the industry which supplies milk. In the ultimate the effect will be passed right down to the people who produce wholemilk. I venture the suggestion that if this is done, many people will suffer.

In the metropolitan area milk is retailed at 80c a gallon. The producers receive approximately 40c a gallon. I appreciate that the other 40c is distributed in the payment of margins and allowances to the treatment plants and to those engaged in vending milk. We can say that each of those people will receive a margin of 50 per cent. However, specifically, they are not profit margins. The amount is made up partly of margins and partly of allowances for storage, refrigeration, and the like. However, that is the way the price is broken down.

It can be seen, therefore, that if there were any breakdown in the pricing structure it would pass right down the line to those people who I think deserve a great deal of consideration; namely, those who cannot pass the costs on any further. They comprise the producers and the dairy farmers in the whole-milk industry.

I do not deny, of course, that there may well be an argument for institutions and other people to receive their basic food commodities at a lower price. In other words, that the prices should be more competitive. However I am compelled to say, in view of an earlier comment I made in relation to a debate that took place in another place, and also in reply to interjections that have been made, that milk is a commodity which is far cheaper in price, and has a food value much greater, than many other foodstuffs. I am sure it is a commodity which could not, realistically, be made available at a lower price. If it were sold at a lower price it would be quite out of proportion to the prices charged for many other food products, and the price charged for an article that is being debated elsewhere which, despite some advertisements as to its food value, is really only a beverage.

I now wish to refer to the issue of special licenses. Mr. Clive Griffiths has indicated that he proposes to move an amendment for the deletion of the last clause which relates to special licenses.

The Hon. Clive Griffiths: No, I said I intended to vote against it.

The Hon. N. McNEILL: I am sorry I misunderstood the honourable member. It is quite clear to me that the purpose of that amendment to the Act would be that when a license is issued to a particular vendor to supply milk to shops and institutions, in view of the fact that those institutions will be within zoned areas, provision must be made to ensure that those people, having been issued with a milkman's license, will not also provide milk, under that license, to other places within that zoned area. In other words, there must be no attempt on the part of those people to supply milk beyond the specific purpose of the license, which is to supply householders only. Or to put it another way: to limit to those vendors who hold licenses for that zoned district the retailing of milk to householders. The amendment should not enable treatment plants to encroach further on this trade.

I now make an added observation in view of the interjection by Mr. Medcalf when he asked what happens to the vendors. Because these institutions come within certain zoned areas I would like to think the opportunity was there for the vendors to supply the milk. I firmly believe there should be ample opportunity in any legislation to enable a normal business enterprise to operate; which should, of course, allow a person to seek his business in a well-founded way which could well involve the supplying of quantities of milk to institutions such as those mentioned.

We understand at the moment these licenses may well be limited to 350 gallons. I do not express any firm belief that

there should necessarily be any ceiling on this but, at the same time, I appreciate why there is a ceiling.

The same thing applies in the supplying section of the industry where there is a ceiling on the contract or quota of milk which, at the present, is 220 or 250 gallons per supplier. I do not necessarily go along with this either, but I do appreciate that it may be advisable to have such a ceiling, because after all it does enable the industry to be spread over a greater number of people who are dependent on it for their living.

In the whole-milk industry, which of necessity is a fairly restricted one because of the market and a comparatively small population, we appreciate why in the producing section of the industry itself there should be a ceiling; and there has been this ceiling for a long time.

A great many people say there should be no ceiling and they are the ones who could be in a position to have a far bigger contract. We then get the reverse from those on the smaller contracts; those who see no opportunity to become big but who would like to get their ever-increasing share of the market which is available in Western Australia.

I feel a little apologetic for going to such lengths in this explanation, but I do not express any great enthusiasm for some of the provisions contained in the measure, because I am a little doubtful of their effect.

At the same time I can appreciate the need, and I cannot think of an alternative to the breaking-down of the zoning provisions enabling certain treatment plants to provide milk for certain institutions in the present circumstances.

The Hon. F. J. S. Wise: I know of one which distributes directly to the householders under a subcontract to the vendor. The vendor is simply the medium of putting the bottle on the doorstep. You do not get the account from him, but from the company.

The Hon. N. McNEILL: In view of those comments by Mr. Wise, I am not sure of the position. It is not my intention to say whether this is legal or not under the terms of the Act. If there is an instance where the treatment plant must have a license to be a vendor, it would obviously be retailing that milk at the ultimate retail price and therefore would be recouping the treatment plant's margin and the vendor's margin.

The Hon. F. J. S. Wise: That has happened.

The Hon. N. McNEILL: That is clearly not within the spirit of the Act. Whether it is illegal or not I do not know.

The Hon. F. J. S. Wise: It has happened on more than one occasion.

The Hon. N. McNEILL: I think that interjection highlights the point I made that one of the main purposes of the Bill is to ensure that whoever has a license to supply these institutions should not go beyond it and supply householders as well in the district concerned.

I think I have given as much of an explanation as I feel justified in giving on this Bill at the moment. I would however, like to make an added observation in relation to the Milk Act and its administration by the Milk Board. There could well be some troublesome times ahead. It disturbs me not a little that so much time and emphasis is placed by the industry—more particularly, I might say, by the regulating authority—in so many instances on provisions of this kind when, in fact, I believe far greater attention should be directed to other aspects related to production and promotion in the industry.

In the whole-milk industry in Western Australia at the moment we have one of the most healthy and prosperous types of primary industry to be found in Australia. With a rapidly increasing population and the increasing consumption of milk in Western Australia there is scope for a great deal of work to be done to improve the industry; to expand this supply and, at the same time, to provide for adequate and diverse outlets for that supply.

I think it is a gross reflection on the industry in Western Australia that we should be told, in answer to a question which I asked in the House some time ago, that the import figures for Western Australia for dairy products was some \$7,800,000. The greatest proportion of that figure was related to the purchase from outside Western Australia of manufactured milk products, many of which, if not all of which, could in fact be provided and produced within our own milk industry in this State.

Perhaps I can go further and say they could certainly be produced from our entire dairying industry. I would like to think that more attention is given to these aspects rather than to the more regulatory and controlling provisions in the Milk Act in order to provide for these lesser issues which are important to certain people like vendors and treatment plants; though there so often seems to be a preoccupation to the extent of not allowing adequate attention to be given to what, in my view—and I should say from the State's point of view—is the more important issue.

The fact that we are unable to supply our own needs in relation to dairying products in Western Australia is a far more important issue and one to which I would like to see a great deal more attention devoted. With those comments I support the Bill.

**THE HON. J. G. HISLOP** (Metropolitan) [8.9 p.m.]: There is not very much I wish to say on this Bill, but I would like to take members back to 1946. At that time I was sitting in the back benches and it was decided that I should look into this question and report to the House. I do not think there are many members here today who will recall the occasion. I visited many parts of the State to see whether the milk that was produced was of a suitable quality.

In one area, in fairly close proximity to a suitable water supply, we came upon a very large farm. I do not know quite what the acreage of this farm was but I recall that any advice we might have tendered was not readily accepted. With this knowledge we decided to go around the country to see what we could do to help. We found that some of the sheds in which the milk was handled were really quite inadequate. All this happened some considerable time before 1960. We visited the southernmost parts of the State in our endeavour to investigate the milk industry. This went on for some time and we then decided to take action by way of legislation very similar to that before the House now.

I do not want to say much in this connection, but many of the men concerned were working very hard and we felt that not very much more could be done in this direction. This resulted in our suggesting to the Minister that it might be necessary to carry out a number of further examinations. I am sorry I have not got all the details with me, but on that occasion there must have been about 10 or 12 people involved.

**The PRESIDENT:** Will the honourable member please relate his comments to the Bill before the House?

**The Hon. J. G. HISLOP:** On one occasion we held a meeting and, if I remember rightly, there were only five or six people in the hall. I think Mr. Tonkin was the Minister at the time and he felt a continuous effort should be made to help the whole of the milk industry. The difficulty was, as I think the newspaper put it, that about 12 attempts were made to do something for the industry, but it has been a difficult problem. I am just about nearing the end of my discussion on that aspect and as it is so long since I did this work it is difficult to remember exactly what took place. However, I thought it would be interesting to mention these aspects.

Shortly after this, pasteurisation was introduced and in my view it has been of very great benefit. I thank you, Sir, for your tolerance in allowing me to stray from the provisions of the Bill.

**THE HON. E. C. HOUSE** (South) [8.18 p.m.]: I have not very much, really, to contribute to this debate except to agree with Mr. McNeill when he said there was

still a tremendous amount of work to be done in the dairying industry throughout the whole State. I do not think many people have any doubts that there has always been a great deal of competition in the milk industry and, indeed, possibly an endeavour by many of those engaged in it to try to turn the tables to suit themselves. I think there is no doubt that it can be said that over a number of years it has been classed as an industry which has not been completely honest in many of its dealings.

This has set the Milk Board a very difficult task and virtually it has had to start from scratch. As it has been such a lucrative industry the situation was wide open to enable those who so desired to manipulate things to suit themselves. I think this has been borne out by the many statements made to the effect that some companies have more milk than they can sell while others cannot keep up with the demand.

With the State divided as it is, I am not over-happy about clause 2 and I would be inclined to go along with Mr. Clive Griffiths because I do not believe we should try to turn the processing plants into suppliers; and this is virtually what the Government is endeavouring to do in an attempt to obtain cheap milk for Government institutions. This might be all right if we did not need the vendors who cater for the rest of the public. They are most important in this industry because they provide a service in all sorts of weathers and at all hours right throughout not only the metropolitan area, but the country as well.

I feel it is doubtful whether, with only three major companies involved, the Government will, in fact, obtain milk very much cheaper than it does at present. I certainly do not believe that the Government has any right to try to monopolise the situation in this respect.

**The Hon. G. C. MacKinnon:** I hope you remember that next time you want some more money spent on hospitals somewhere.

**The Hon. E. C. HOUSE:** I take exception to that remark.

**The Hon. G. C. MacKinnon:** Don't you think the Government is entitled to pay a reasonable price?

**The Hon. E. C. HOUSE:** It is blackmail to suggest that because I make remarks like I have I will be denied extensions or additions to hospitals in my province, where they are most needed.

**The Hon. G. C. MacKinnon:** You are implying the Government is squeezing someone to get cheaper milk. This is not so.

**The Hon. E. C. HOUSE:** That is what it adds up to.

**The Hon. G. C. MacKinnon:** Cut it out!



**The Hon. E. C. HOUSE:** According to the Bill these people can fix the price more or less to suit themselves.

**The Hon. G. C. MacKinnon:** Are not all prices fixed throughout the entire milk industry?

**The Hon. E. C. HOUSE:** Oh yes; but we have various vendors who charge a price to suit the householder. Those same vendors will now be denied the right to, shall we say, obtain the cream off the milk because they will be unable to sell their milk to the institutions in large quantities. This will make a big difference to their sales.

There is no reason for giving these contracts to the big companies. As I have already said, the Milk Board has had its difficulties and it will continue to be confronted with them. The Milk Board has probably been one of the most difficult boards to administer, the industry being what it is; so I think we would be well justified in leaving the situation as it is and allowing the present vendors to supply milk to the institutions in their particular areas.

As Mr. McNeill said, quite a lot more research is required and I am not particularly happy that certain vendors will be denied the right to trade within other sections. I cannot see why milk from Albany cannot be sent to Perth, provided the cost is paid by the producer, and that cost would be about 5c per gallon.

Section 92 of the Commonwealth Constitution Act provides for unrestricted trade between the States so why should there be restrictive trade practices within the State. I believe there is a valid argument for more or less free trade and this should be Liberal policy. Anyway I cannot say that I am in favour of clause 2 and I have great doubts as to how I will vote when we are in Committee.

**THE HON. G. C. MacKINNON** (Lower West—Minister for Health) [8.30 p.m.]: It has become a matter of course that amendments to the Milk Act attract a considerable amount of debate.

**The Hon. A. F. Griffith:** Not as much as amendments to the liquor laws.

**The Hon. G. C. MacKINNON:** My colleague says that they do not attract as much debate as amendments to the liquor laws. I think all members have had experience of that, too. I would like to make a few comments on one or two matters that have been raised in the debate.

Mr. McNeill has given us a fair account of the history of the Milk Board. Might I start by saying that the Milk Act, as we know it, is a complete exercise in controlled marketing, more so than any other industry in the State. Every single aspect along the line has its price fixed and its margin fixed in every way.

I shall recount one additional piece of history to add to the information which has been given up to date. Some years ago margins for milk vendors were fixed at such an amount that milk vendors were leasing and subleasing their rounds. Of course, there was a certain amount of natural development and extension, but the fact remains that some of the rounds were profitable to all parties, including a third party. By that I mean that A was making money out of it; B was making money out of it; and C was making money out of it. Vendors were, in fact, offering to mow lawns and making other offers in order to obtain trade. Of course, the profit margin became small. Consequently, the vendors came back on the Milk Board for an increase in margin on the milk so that they could have a viable income. In actual fact, at that time the margin for milk vendors should have been cut in order to make sure that a milk round remained a one-man proposition, because it is an industry which is completely protected from whoa to go. At that time zoning was brought in.

This problem of control has worried me over the years. Perhaps I am directly concerned because of the nature of the electorate which Mr. McNeill and I represent. It was an even greater worry prior to the last redistribution, because at that time the electorate ran from Mandurah to Walpole. The Milk Board has always worried any member for that area, particularly members of the political persuasion of Mr. McNeill and myself, although political persuasion is not necessary to the argument. Several members have said that they are worried over the additional control which is proposed.

Again, this seems to be automatic. Once a Parliament sets its hand to the plough of organised marketing, there seems to be a never-ending series of amendments, because all sorts of problems come up all the time.

Let us look at the situation of a milk vendor. The price structure is arranged and the zoning gives him an area in which to operate. With the profit margin which is allowed for him on the milk, he can make what is considered to be a reasonable living. The position arises that through some action—whether Government or private action—an institution is placed in the middle of his area. Let us say that it takes 350 gallons of milk a day. In the concept of the legislation, this was never intended to be the sort of supply to go to a man who makes his money out of putting a bottle of milk on the doorstep.

**The Hon. Clive Griffiths:** Who said it was never intended?

**The Hon. G. C. MacKINNON:** I just said it. Did the honourable member not hear me?

The Hon. Clive Griffiths: The Minister said it was never intended. Who made that decision?

The Hon. G. C. MacKINNON: It was never intended in the original concept of the Milk Board. This problem has been looked at by successive Governments over the years. It has not been an earth-shattering problem worth worrying about in the extreme, because most of the institutions which have been built have been comparatively small. Indeed, Mr. Clive Griffiths mentioned that Mt. Henry Home took 10 gallons of milk a day at one time. It takes a great deal more now.

Consequently, we are faced with a situation whereby milk in bulk lots is being bought in some areas at what virtually amounts to the ordinary one-bottle price, which was set to compensate a worker for taking a basket on his arm, hopping over a fence, and putting one or two bottles of milk on each doorstep.

We operate on the basis of calling tenders. However, it is obvious that when a zoning system is in force, it will not allow every man, but only a certain man, to serve a district.

The Hon. Clive Griffiths: Five men.

The Hon. G. C. MacKINNON: It depends where they are.

The Hon. Clive Griffiths: And all completely on the same price structure.

The Hon. G. C. MacKINNON: There is not much point in the tender system, although it still exists. This does not apply only to milk; there are a number of other commodities to which it applies. Because of this, the fact remains that institutions are paying a price for milk which is unreasonable when we take into account the bulk quantity which they buy. Any bulk buyer ought to be able to buy a little cheaper. We are able to buy vegetables in bulk at a cheaper price. The Government has an agency which buys for some of the hospitals. It does not pay the same price for a pound of potatoes as I would pay in a shop. This is fair enough and the same thing ought to apply to milk.

Some institutions are, after all, being maintained at the expense of the taxpayer. It is believed that they ought to be able to enjoy the advantage of a reduced price for bulk purchase and that this advantage should not flow to a particular delivery man whose income has been worked out on the pattern of a zoned area. This is the purpose. It is proper for the Government to give consideration to the taxpayer's money—very proper, indeed.

After all, one is on a limited budget in any service and it is proper that that budget should go as far as it possibly can.

The Hon. E. C. House: Everyone works on a budget.

The Hon. I. G. Medcalf: Why fix a minimum price?

The Hon. G. C. MacKINNON: Mr. Medcalf has just asked why we should fix a minimum price. The fact is that losses run back into the industry. As Mr. McNeill said, all these things finish up on the fellow who cannot pass them any further; namely, the farmer. This is exactly the same thing, and it is why I went to some time and trouble to explain what happened when milk vendors started to lease and sublease. The next thing was that they wanted an increase in the price. Only two things can happen when this occurs; either it increases the price to the consumer, or it takes the price to the supplier down. If the overall return for the milk gets below a profitable figure, it reduces the profit flow of the industry and the next thing is an application is made for an increase on that figure.

The Hon. I. G. Medcalf: The supplier does not have to supply, if he does not want to.

The Hon. G. C. MacKINNON: I thought Mr. McNeill had explained this angle. There are advantages in supplying and getting rid of an oversupply in order to save the problem of balancing through oversupply and undersupply. I assume that all members know the particular companies which are involved.

The Hon. E. C. House: You are not going to use non-quota milk at hospitals?

The Hon. G. C. MacKINNON: I am not talking about non-quota milk.

The Hon. E. C. House: Whole milk would be the most profitable commodity in agricultural production.

The Hon. G. C. MacKINNON: This year.

The Hon. E. C. House: Every year.

The Hon. G. C. MacKINNON: I would rather have been in wool in 1951.

The Hon. E. C. House: That is a long while ago.

The Hon. G. C. MacKINNON: The honourable member is talking about forever. I can remember the time when the milk business in this State was a peasant's occupation.

The Hon. E. C. House: Not today.

The Hon. G. C. MacKINNON: No, not today. The honourable member blithely talks about how profitable it has always been. Quite frankly, anybody who has travelled through the south-west of the State knows that this has not always applied. There was a time when people who milked cows made their pocket money by hawking eggs and butter around the town. It changes from time to time. Certainly it is good this year.

The Hon. F. J. S. Wise: It has not been in the condition which the Minister mentions for some 30 years.

The Hon. G. C. MacKINNON: I know it has not, although there are still people in the dairy industry today who have seen these times.

The Hon. F. J. S. Wise: What is the gallon premium today?

The Hon. J. Dolan: It is \$140 for a license. I am referring to the retail trade and what it costs a vendor.

The Hon. G. C. MacKINNON: This is a problem which has faced successive Governments for a considerable number of years. There is no intention of fixing a special price for every institution. Some institutions are not very big; their requirements would not be any greater than two or three families who live in a small area. However, there are big institutions, too, and it is reasonable that they should secure some price reduction. However, it is a price reduction in an industry which is completely and utterly controlled. The profit margin on every aspect of the industry is rigidly controlled from whoa to go. That is why a minimum price ought to be set. Also, I think it is reasonable to suggest that the minimum price ought to be set in order that a wider range of suppliers can participate.

A number of points were raised tonight which are not necessarily true. By this statement, I do not mean that any members were telling lies. I mean that there are counter arguments.

For instance, I do not know the price of milk in Queensland today, but until a year ago Queensland had the cheapest community milk in Australia. The supply of milk in Queensland is controlled by a monopoly. There is one supplier. At least, this was the position the last time I inquired. A branch of the firm, Queensland United Food, was the supplier.

The Hon. J. Dolan: Is the Minister talking about the metropolitan area or the whole of Queensland?

The Hon. G. C. MacKINNON: I think it applied to the metropolitan area.

The Hon. J. Dolan: I was going to mention some other ones which operate outside the metropolitan area.

The Hon. G. C. MacKINNON: It was mentioned tonight that competition will decrease, but that does not necessarily follow. There was only one firm tendering, because it was prepared to take the Milk Board on. There was a legal doubt in this connection, but the other firms did not tender. We think the effect of the amendment will be that other firms will tender. I do not know what the Milk Board will do, but I think Mr. McNeill is probably right when he says that the board will probably zone the area and make some provision in order to adjust the normal supply and sale angle. I would not know.

The Hon. I. G. Medcalf: Would there not be more competition if there was not a minimum price?

The Hon. G. C. MacKINNON: It would still be necessary to amend the Act to provide for a special license.

The Hon. I. G. Medcalf: Yes.

The Hon. G. C. MacKINNON: I still think the minimum price is a desirable feature in an organisation where any run of loss is always the subject of a delegation to the Milk Board for adjustment because it cuts into the normal balances.

The Hon. I. G. Medcalf: By somebody else. It is not by the supplier, because surely he would be quite happy. It would be by somebody else whose business was cut out.

The Hon. G. C. MacKINNON: It could be. I think Mr. McNeill mentioned the problem which we are worried about; namely the expansion of regulation and control. However, this applies not only to the Milk Board. It has been the subject of argument with the Potato Marketing Board and, indeed, with any other form of market control which exists in this State.

I think I have explained that each section of this industry—that is, production, transport, treatment, and delivery—has its profit analysed by the board, and its margin is set by the board. The Milk Board licenses have always been on the basis of involving a predominantly household area which would have some institutions within it. However, the large institutions which have been established have thrown that basis out of gear.

I would like to pay a tribute—and I was reminded of this when I mentioned processing—to Dr. Hislop for the work which he and other members, I think of both Houses, performed in connection with pasteurisation. Dr. Hislop reminded me of this when he mentioned that subject in his speech. He reminded me of the tremendous amount of work performed by himself and others in the introduction into this State of the pasteurisation of milk—strangely enough, against a good deal of opposition. The fact that Parliament agreed to pasteurisation has virtually eliminated bovine tuberculosis in Western Australia, and certainly tuberculosis in the children in Western Australia. We get only rare cases of it now.

Nobody denies the important function of the milk vendor. However, this is an integrated industry. I do not think any person can be singled out as being more important than the next, unless it be the producer who has to run his farm.

The Hon. N. McNeill: Or the consumer, I would think.

The Hon. G. C. MacKINNON: Yes; at the other end of the scale, the consumer. The purpose of the operations of the Milk

Board is to ensure an adequate supply of high-quality milk which is handled in a hygienic and satisfactory manner right through from the producer to the consumer who receives milk of high quality, which is pasteurised at a set standard, at a reasonable price.

This has been done by a means which cuts across the beliefs of many of us—a rigid method of price fixation all along the line which includes the degree of margin and everything else, both up and down. If anyone can find an answer to the problems involved in the regulation of this managed and controlled industry, I am quite sure his suggestions will be welcomed by everyone who has anything to do with the industry. It is believed that in order to solve the problem which has plagued successive Governments for a long time, it is well worth giving the amendment a trial. I would sincerely hope that the House will agree to the Bill as it stands.

Question put and passed.

Bill read a second time.

#### *In Committee*

The Deputy Chairman of Committees (The Hon. F. D. Willmott) in the Chair; The Hon. G. C. MacKinnon (Minister for Health) in charge of the Bill.

Clause 1 put and passed.

Clause 2: Section 26 amended—

The Hon. CLIVE GRIFFITHS: I move an amendment—

Page 2—Delete paragraph (b).

I think members will agree that perhaps I explained in great detail during the second reading debate my reasons for opposing the provision in paragraph (b) which provides for the fixing of a minimum price for milk supplied to State and Commonwealth instrumentalities and other organisations which the Minister sees fit to prescribe.

I think members should bear in mind the point I made during the debate that we have in the industry a system of fixed prices. This is the point the Minister has been making, and I agree that we have it; but the prices are maximum prices for which the commodity can be sold by that section of the industry which happens to be handling the commodity at that stage. Surely, if we are to have price fixing this is the desirable point at which to have it.

I fail to even remotely understand the reasoning of the Minister when he says that Government instrumentalities ought to be able to buy milk at a lower price because they are bulk buyers, and this will be achieved by fixing the minimum price. If a minimum price is fixed we would be putting a bottom on the price that we could expect the suppliers to sell at. If there is no minimum price it is possible that the suppliers could offer it at a

lower price. Therefore, if the Minister is concerned about money, there is a fighting chance that he is going to get a bit more if there is no minimum price. So I cannot understand his reasoning.

I agree with the Minister that the industry is controlled and that prices are fixed throughout the various stages. However, I repeat that those prices are maximum prices.

I cannot agree with the point made by Mr. McNeill that any lessening of the profit margin of any section of the industry must necessarily find its way back to the producer. I do not believe that will necessarily be the situation because we already have the board with the power and authority to fix the minimum price to be paid to the producer. That being the case, how can this shortening of margin further up the scale be passed on to the producer?

The Hon. S. T. J. Thompson: Would it be possible to get a bonus above the minimum price?

The Hon. CLIVE GRIFFITHS: I do not know; Mr. McNeill is an expert and he may be able to answer that. I do not think it would make much difference to my view. I believe that it is fundamentally wrong to set a minimum figure. I believe it is fundamentally right that a buyer who wishes to buy large quantities in bulk ought to be able to buy at the cheapest price. I do not believe paragraph (b) will provide that situation, so I ask members to delete it.

The Hon. R. THOMPSON: I did not speak during the second reading debate of this Bill. I was more interested in listening because I wanted to hear the varying views of the members concerned. However, arising out of those views I am left with the impression that Mr. Clive Griffiths is on the right track. I consider that once a minimum price is set it will become the maximum price as far as tenders are concerned. This would leave the position wide open to collusive tendering between the three processing plants which operate in Western Australia at present.

The Minister told us that this allows the processing works and the milk vendor to lodge tenders for the supply of milk to institutions. What would be the position if the vendor submitted a tender to the Tender Board for the supply of a certain quantity of milk to an institution? Would it mean, as was suggested by the Minister in charge of this legislation in another place, that it would be worked out by the Milk Board in conjunction with the Tender Board with a view to equalising the supply of milk from the three companies so that one company would not undercut the others and get all the contracts? If that happened where would the vendor stand? He would be left out in the cold.

I believe in orderly marketing; but this measure will create monopolies within the industry—there is no doubt about that. Would a company supply a vendor who was a successful tenderer? It would say, "You tendered the minimum price and we will not supply milk to you at that price. We could have supplied it ourselves to the institution, but we cannot supply it to you at the minimum price." That will be one hurdle we will have to overcome. I do not like it because I think, firstly, the vendor is not going to be taken into consideration in any tender. I feel the only ones to be taken into consideration will be the companies.

As I said, the minimum price will become the maximum price and collusive tendering will be resorted to whether we like it or not. We have seen some boards go out of existence, and one did so not so many years ago because it was not running its business correctly and the matter went to a growers' vote. In my view the Milk Board could be running headlong into serious trouble, and I think the provision does away with a free enterprise system, even though this Government boasts of its free enterprise.

The Hon. G. C. MacKinnon: There is no free enterprise system in the milk business.

The Hon. R. THOMPSON: I will argue that with the Minister. There is free enterprise in the milk business because there are licensed vendors in each milk district, and they compete. The Minister pointed out the competition that exists between milk vendors. I did not change my milkman when I shifted into my present home, but had I wished I could have had my ground rotary-hoed by engaging another milkman.

I do not know whether I understood Mr. McNeill aright, but I think he said there was a three-tier cost structure in the whole-milk industry so far as the farmer was concerned, and I think he referred to over-quota milk for which the producer is paid less. Since Mr. McNeill made that statement I have had the opportunity to look at some correspondence addressed to the member for Gascoyne by a lady who lives at Exmouth Gulf. She was complaining that milk costs the civilians 20c a pint at Exmouth, but milk supplied to American citizens there costs 21c a quart. Probably this is where the over-quota milk is being sent; tenders have been called by the American Navy and some company has secured the tender and is supplying over-quota milk.

I should like to read the letter Mr. Nalder (the Minister for Agriculture) wrote to Mr. Norton in relation to this matter. It is dated the 27th April, 1970, and reads as follows:—

I refer to that portion of your letter dated 13th April concerning the supply of milk to Exmouth.

Firstly, I would like to say that the supply of milk to Exmouth is outside the zones over which the Milk Board has jurisdiction. I have, however, obtained the following information which explains the basic charges applicable to this supply:—

- (a) Approximately 150 gallons of milk in one pint Pure Pak cartons is supplied weekly to Mr. Vitalich of Exmouth Milk Supply.
- (b) The cartoned milk is hard frozen, packed in cardboard containers and delivered by Masters Dairy Limited to Gascoyne Trading Pty. Ltd. depot at Bassendean. Masters Dairy Limited charge 75 cents per gallon delivered to Gascoyne Trading Pty. Ltd.
- (c) The freight to Exmouth is \$78.50 per ton, which, on ton lots, approximates 38 cents per gallon of milk.
- (d) The cost of milk delivered at Exmouth therefore is approximately 113 cents per gallon which, on a retail price of 20 cents per pint, provides a margin of 47 cents per gallon for local frozen storage, handling and delivery.

The supply of milk to the American Navy at Exmouth is sold under contract in Perth and the Navy then make their own arrangements on freight and delivery to their personnel.

Then he goes on to talk about another matter.

Apparently the over-quota milk to which Mr. McNeill referred is being supplied, under tender, at a lower rate, and this would be to the detriment of the producer. As a result, after listening to the debate, I am placed in the position where I cannot see that this legislation is desirable at this time, or at any time in its present form; because I believe it will create a monopoly for three companies and will leave the small vendors out of the running. I have not made a study of it but I would be interested to know the number of milk rounds that are owned by the processing companies. I think if the figures were made known we would find that the ordinary vendor would not have much chance of even submitting a tender, particularly if this legislation is agreed to.

The Hon. G. C. MacKINNON: Perhaps I did not explain this as well as I thought I did. The maximum price to a householder is 80c a gallon or 10c a bottle, and the price to the producer is 40c a gallon. This allows the setting of a minimum price at different levels, depending on the size and the structure, and enables the milk vendor to tender for the particular sort of institution that he might want to supply.

The minimum price is set at 40c, plus the cost of pasteurisation, and plus a reasonable delivery charge. Let us say it costs 2c for delivery and 20c for pasteurisation. In that case the minimum price is set at 62c for large bulk quantities, and that seems a reasonable minimum to me.

If, on a smaller scale, we take the price the retailer pays the treatment plant, plus a reasonable margin for delivery, and set that as the minimum price then, automatically, the vendor in a certain area can tender for the supply of milk to an institution in that area because he can set that price the same as anyone else can do; and I would bet his tender would be accepted because the instrumentality concerned is in his area. Such a vendor would be covering his costs and he certainly would not be making a loss.

However, I come back to this point: with a large institution, such as the Royal Perth Hospital, it is reasonable that it should be supplied direct at the lowest possible price; because we are trying to safeguard the taxpayers' money.

The Hon. Clive Griffiths: That is already being done.

The Hon. G. C. MacKINNON: A number of such institutions are being erected in the outer areas and with such large institutions the taxpayers' money has to be safeguarded. In the zones in which these institutions are being erected there is still the same number of houses and so the vendors in those zones are not being deprived of their normal profits.

The Hon. I. G. Medcalf: Can't the vendors reduce their price voluntarily, or do they have to sell at a fixed price?

The Hon. G. C. MacKINNON: They certainly cannot reduce beyond the price set, plus delivery charges—the price at which they buy it from the treatment plants.

The Hon. I. G. Medcalf: But cannot they sell it to the hospitals for less than they sell it to the householders now, if they want to, or do they have to sell at the same price to both the institutions and the householders?

The Hon. G. C. MacKINNON: To the best of my knowledge there is a maximum price, but I cannot recall any section in the Milk Act which states that the price cannot be cut. Certainly where people are delivering large quantities of milk—200 and 300 gallons—the price could be cut.

The Hon. F. J. S. Wise: It is the maximum that is fixed.

The Hon. G. C. MacKINNON: Yes.

The Hon. F. R. White: What is that maximum?

The Hon. G. C. MacKINNON: It is 80c a gallon or 10c a bottle. It costs another couple of cents for a carton.

The Hon. F. R. White: That is for the metropolitan area?

The Hon. G. C. MacKINNON: No, for designated areas. It is that price in Bunbury, although it is certainly not that price at Exmouth Gulf. Mr. McNeill explained the position in regard to over-quota milk.

The Hon. F. R. White: It is 11c at Kalamunda.

The Hon. G. C. MacKINNON: The clause must remain in order to cover the very point Mr. Ron Thompson raised.

The Hon. W. F. WILLESEE: I was very disturbed with the remarks of the Minister when he replied to the second reading debate. He said that virtually the measure was designed to prevent the small trader from coming into the other trade, because the scheme is designed for a sole seller on a house-to-house basis, and if such a vendor were supplying an institution in his area then that would be incidental to the concept of his original contract.

This is the fear I had with the Bill—that it will take from the sole trader any chance of competing because all he will be left with is the business of selling to individual householders. If some institution which would provide a lucrative business were to be built in his area he would be subjected to the pressure of big business and it would be only a matter of time—at least in my opinion—before the sole trader would become the employee of the big company. I was hoping that would not be the case, but I think the Minister made it abundantly clear that that will be the position.

I have a great deal of sympathy for the Minister who is trying to get the lowest quotes possible for the Government institutions and instrumentalities. I would do the same if I were in his position, but I would not like to think that we are excising from the industry those people who are at present supplying some of these institutions. In my view that would be a retrograde step. I do not think, with the provisions in this Bill, that the Milk Board has come to grips with the problem. In those circumstances I am not inclined to support the proposal.

The Hon. G. C. MacKINNON: The type of institution I am talking about is the Royal Perth Hospital, the Claremont Mental Hospital, and other large institutions, which are literally supply propositions for one tanker.

The Hon. S. T. J. Thompson: How many vendors would have the facilities to supply institutions of that type?

The Hon. G. C. MacKINNON: That is the point. To ensure that the vendor can still apply to supply the sort of institutions to which Mr. Willesee referred, the price is fixed on a sort of graduated scale. But surely it is reasonable not only for the

Minister but also for others who are involved and are charged with the responsibility of looking after the revenue and expenditure of these large institutions, that some consideration should be given to this matter? The proposition that has been put forward by some members seems unreasonable to me.

Let us say that we have a parliamentary debate zone in which there are five distributors and that zone is based on the principle that these distributors can make a living.

Let us assume there is an open section in the middle, and an 800-bed multi-storied hospital is erected on it; that this hospital takes about 500 gallons of milk per day; and the milk could be supplied in bulk by a tanker. It seems unreasonable for this to be delivered by the type of vendor whose price structure is so arranged that he copes with house-to-house deliveries, and for the institution to be deprived of the advantage of obtaining the milk at the lowest reasonable price set by the Milk Board on direct deliveries from processing plants. We want to encourage the consumption of milk. The more milk that is used the more money the producer will receive at 40c per gallon, and the more will the dairying areas be converted from butterfat production to whole-milk production.

The Hon. CLIVE GRIFFITHS: I have the price list for the supply of milk. On pint bottles the vendor pays 60.5c per gallon; the maximum price that he can charge the shopkeeper or semi-wholesaler is 68½c per gallon; and his ultimate retail price to the householder is 80c per gallon. At the moment, the milkman purchases milk from the treatment plants at 60c per gallon. He can afford to pick the milk up and deliver it to the semi-wholesale establishments, because it entails one pickup and one delivery. He can sell at 68½c per gallon, and he makes a margin of profit of 8c per gallon. For picking up the milk from the treatment plant at 60c per gallon he sells milk to the householders at 80c per gallon. The price of 68½c to the semi-wholesalers has been established by the Milk Board.

The Hon. G. C. MacKinnon: So is every price at every stage established by the board.

The Hon. CLIVE GRIFFITHS: This is the price which the vendor receives when he delivers the milk to the semi-wholesalers. The prices paid by the Government institutions are, in the case of the Royal Perth Hospital, 62½c per gallon in bottles. The margin of profit is less than 2c a gallon. If we are to set a price which will enable the vendor to compete with the treatment plants then it ought to be around 68c per gallon. In those circumstances it is not unreasonable to expect that any saving the Government makes is lost.

The Hon. G. C. MacKinnon: At 68c per gallon we would save thousands of dollars a year.

The Hon. CLIVE GRIFFITHS: The Government institutions are now paying only 62c per gallon.

The Hon. G. C. MacKinnon: For a few institutions.

The Hon. CLIVE GRIFFITHS: Royal Perth Hospital, Princess Margaret Hospital, King Edward Memorial Hospital, Shenton Park Annexe, and the Fremantle Public Hospital are paying that price.

The Hon. G. C. MacKinnon: For which year?

The Hon. CLIVE GRIFFITHS: For the current year—it will be for the period from the 1st March, 1970, to the 28th February, 1971.

The Hon. G. C. MacKinnon: When we began to discuss these matters the prices were way up; but there are dozens of smaller institutions which are thankful to get the milk at 68c per gallon.

The Hon. CLIVE GRIFFITHS: Let us see if we can find one in this list. One institution pays 67c per gallon. If the purpose of this exercise is simply to save money for the Government we are defeating that purpose by agreeing to the provisions in this clause. My argument is well-founded and is based on absolute logic.

The Hon. F. J. S. WISE: In 1935 I inherited the administration of the Milk Act, and on 12 subsequent occasions I had to introduce in Parliament amendments to it. That was in the days when production, transport, treatment, and delivery of milk was much more difficult than it is today; and that was after Mr. Ferguson had introduced the first Milk Act in this State and made provision for the pasteurisation of milk.

At every stage of the milk industry there are important people. I refer to the producer, the transport operator, the treatment plant, and the milk vendor. Through the years the one who has been getting the worst of the deal is the vendor whose services we expect to receive automatically, whether it is stormy or sunny.

In recent times the inroads which have been made into this business have been serious; and this started with the advent of the milk treatment plant going into the milk distribution or vending side of the business. I can show members that my family pays the milk bills to a treatment plant, and has been doing so for years; but the vendor has been delivering the milk for the treatment plant under contract.

All the customers in this round are paying the treatment plant. What has been done about that? Some vendors in that round have gone out of business for the reason that whereas previously, when the price was based on the assessment of

the quantity of milk delivered on the home basis, they supplied the corner shop with 12 or 20 bottles a day, now, as the population has grown they have been squeezed out by direct supply from the treatment plants.

If we look at the advertisements in the newspapers we will find that the prices at which milk vendors are able to sell their businesses have dwindled. In these days the prices are humble amounts. I was among all the distress in the days of difficulty in the milk industry, and I was the Minister responsible for fixing quotas and prices. It was a very difficult thing to do. That was in the days when Mr. Opitz rendered very great service to the Milk Board.

The milk vendor is entitled to any additional small increments which the servicing of small shops and small institutions may bring him. We should bear in mind that he is the only one, among all the sections of the industry, who has to bear the burden of the bad debts, and the one to absorb the outstanding bills of the fly-by-nights. This is the only stage where losses occur in the industry.

The contentions that have been put forward and the last comments made by Mr. Clive Griffiths are very hard to deny. So far as I am concerned they have not been contradicted.

The Hon. N. McNEILL: I would like to express my support of the contention made by Mr. Clive Griffiths, because I think it is obvious that this part of the clause is the weakest portion of the legislation. While I am concerned with what may well be the ultimate effect, I am far more concerned with what may happen if no provision is made for fixing a minimum price. By that I do not mean I subscribe to a minimum price, because I agree with some of the contentions that this minimum price may well be the maximum price, if it is done in any degree of collusion to rule out the vendor.

It is a pity that so much emphasis has been placed by the Minister in charge of the Bill, and also by the Minister in another place during the second reading debate, on the need to supply milk to Government and other institutions at a favourable price. If that is the chief objective of this measure then we should retain the legislation as it is, because these institutions are able to obtain milk far cheaper by getting it at cut rates under the system adopted by the State Tender Board.

Let us assume that the area around Ngala is zoned and is supplied by a vendor, and that certain arrangements have been entered into with the vendor for the supply of milk to Ngala. If a particular company wants this business, and there

is no provision in the Act for a minimum price to be set by anybody, and the company decides to cut the price, it could submit a tender to the State Tender Board to supply at a lower rate.

A breakdown in the price structure would obviously be an advantage to Government instrumentalities and other institutions because they would have the opportunity to get milk considerably cheaper than otherwise.

I do not believe the purpose of this provision is to cover the supply of milk to institutions. The reason for the provision is that the tender system has not been operating, and it cannot operate while we have a zoning system controlled by the Milk Board. It is necessary to change one or the other.

The Minister and the Milk Board are in a cleft stick and they either have to scrap the zoning principle, in respect of the institutions, or scrap the Tender Board. They have struck a compromise, and that is understandable. The Milk Board and the State Tender Board will get together to arrive at a price. The price might be 62c a gallon.

The Hon. F. J. S. Wise: A declared minimum price could be much higher than that.

The Hon. N. McNEILL: Yes, to the detriment of the institutions.

The Hon. G. C. MacKinnon: The minimum price will avoid the possibility of court cases and legal action.

The Hon. N. McNEILL: Yes, that is the argument. We all know the effect of price-cutting campaigns, and that is what we could get. Price-cutting campaigns are not in the best interests of the vendors or the producers. I do not like to see this provision for a minimum price.

Mr. Ron Thompson referred to Exmouth and to surplus milk. The Americans living at Exmouth get their milk for 21c a quart; they are in a privileged situation. If there was power to set a minimum price perhaps the rest of the population at Exmouth would get milk at the same price. If Exmouth came within a prescribed milk area, and was under the jurisdiction of the Milk Board, it would be required to use contract milk, which would be considerably more expensive. It was mentioned that surplus milk was being sold but that is not in the best interests of the whole-milk producers.

The Hon. R. Thompson: It appears the milk is being sold to one section of the population and not to the other section.

The Hon. G. C. MacKinnon: All the products sold in the American canteen are sold at United States home prices. That is what I was told when I was there.



The Hon. N. McNEILL: The price of milk could still be less if the people there were getting contract milk, although that would not be to the advantage of the suppliers. I leave it at that.

The Hon. W. F. WILLESEE: I am still concerned with the situation of the retailer. The Minister, in reply to what I said, instanced a person having a cost structure, in a retail outlet, on a person-to-person basis. I think the Minister said that if a hospital of some size were built within a particular area, the person retailing in that area should not necessarily have the right of supply to that hospital because of his contract with the board.

It so happens that the retailer of newspapers in the same area would be entitled to any increment which came his way. The newsagent would have taken the contract hoping for some such development.

I see very little difference between the selling of newspapers and the retailing of milk. Both retailers are entitled to all the increments which come their way because they are restricted by boundaries. Finally, I will quote the opening paragraph of the Minister's speech when he introduced the Bill. He stated as follows:—

Resulting from the action of one milk treatment company which, in 1968, cut considerably the prices it tendered thereby winning most of the Government contracts from the other companies and gaining smaller contracts from individual milkmen, this Bill introduces price fixing for such contracts.

If we do not alter the *status quo* we will do no harm.

The Hon. G. C. MacKINNON: I thought everything which could be said had been said. Referring to the retailer of newspapers, his is not a tax-subsidised business. As I understood the operations of West Australian Newspapers Limited, it can step in and break up a district and establish another newsagency.

There was a possibility of legal action with regard to one tender at 60c, and there is some doubt about the outcome of it. If the case had been won—and legal opinion is divided on it—then the individual vendors would be able to supply any institution in the State.

We are looking for a guaranteed price on which we can budget, and I believe we can only achieve that through these amendments. As I said in answer to Mr. Ron Thompson, I believe the graduated scale is the only way to guarantee a reasonable share of the market to the vendors.

The Hon. R. THOMPSON: I would like to point out that the Minister for Agriculture is on record as having said the following:—

We want to make sure that the system works satisfactorily; that it

works fairly for the different sections concerned. We want to be able to say to the Milk Board, "You put a price on the milk to be supplied to institutions—no matter what category they might be in—and this will be the price at which the treatment plants will supply milk to them."

There is no doubt in the Minister's mind that it will be the intention of the Tender Board and the Milk Board, when prices are fixed, for treatment plants to get the business. That is completely wrong and that is why I support Mr. Clive Griffiths. The remarks of the Minister can be found on page 3605 of *Hansard*.

The Hon. A. F. Griffith: Despite the fact that you are not supposed to quote from *Hansard*.

The Hon. R. THOMPSON: I did not quote from *Hansard*.

The Hon. V. J. FERRY: I have great concern for the stability of the milk industry. Through the medium of Parliament we have constituted the Milk Board and granted it powers to control the milk industry in this State. While I have grave reservations about boards, as such, and some of their methods of operation, I believe that having set up the Milk Board we should give it sufficient powers to control the milk industry in the best interests of the whole community.

It seems to me that it would be prudent to agree to the Bill as printed to ensure the stability of the industry. If there is a weakness at all, and legal action is taken, there could be a very real risk to the industry, and an undermining of the confidence which has been built up over quite a number of years.

The Hon. R. Thompson: Confidence in whom?

The Hon. V. J. FERRY: Confidence in the industry, throughout. I know we cannot satisfy all sections of the community, but confidence has been built up and the whole of the community will benefit from the smooth operations of the board. I support the Bill as printed.

The Hon. E. C. HOUSE: I did get my lines a little crossed when I was speaking on the second reading, when I said I did not see any reason why the Government should not pay more for milk. We have been discussing this matter at great length and I think it is most desirable that the Government should get milk at a reasonable price.

I have a great deal of sympathy for the Milk Board and the Minister in the very difficult times they have experienced over the years. It has probably been one of the hardest tasks that any board has ever undertaken, to try to put the milk industry onto a level basis and give the public the best possible deal. The Minister said

that an institution or a hospital was taking 800 gallons of milk a day. This seems to me to be a large intake of milk.

The Hon. G. C. MacKinnon: I was talking about an 800-bed hospital, and I plucked a figure out of the air. I cannot now remember what it was. I do not think I said it was 800 gallons.

The Hon. E. C. HOUSE: Could the Minister tell me who now supplies Royal Perth Hospital?

The Hon. Clive Griffiths: Masters Dairy.

The Hon. E. C. HOUSE: What is the price paid by that hospital?

The Hon. Clive Griffiths: The price is 62½c a gallon for bottles.

The Hon. E. C. HOUSE: Was that a tender price?

The Hon. Clive Griffiths: Yes.

The Hon. E. C. HOUSE: I am still not happy with this clause because, on the figures Mr. Clive Griffiths has given, hospitals are getting milk at a very reasonable figure.

The Hon. G. C. MacKinnon: Doubt has been thrown on the capacity of some of the plants.

The Hon. E. C. HOUSE: That is no reason for bringing in a Bill of this nature which, in my opinion, without question will allow the board to dictate the price. Otherwise, how is the price arrived at? Do the companies tender for the supply of milk? If only three companies are tendering, they could practically fix the price. It virtually means that the Milk Board will set a price for all large Government institutions. We might know at the beginning what the price is but it is quite impossible to follow it all the time, and it could reach a figure as high as that paid by a vendor. There would be no redress and no yardstick. If there are no tenders there is no competition, and competition is desirable in contracts of this nature.

There has been a great deal of malpractice in this industry because it is a lucrative trade. When milk is being supplied to large hospitals in large quantities on a fairly easy basis people will be very desirous of getting hold of this business, so there would be no option but for the board virtually to say what the price would be. I do not like this. I think it is far better for the business to go to tender and allow vendors to take their margin. The figures quoted prove conclusively that Government institutions and hospitals are getting a very fair deal. I cannot see any reason for change. If we give this power for any institution, Government or private, to be able to obtain its milk through this avenue, where will it stop? It could go right through to all large institutions.

The Hon. Clive Griffiths: "C"-class hospitals.

The Hon. E. C. HOUSE: Anything one likes to mention, and not just in the metropolitan area but in the country areas also. It has not been proved that excessive prices are being paid for milk by those institutions at the moment and I cannot see any reason for change. I quite definitely oppose the clause and I shall vote for the amendment.

The Hon. CLIVE GRIFFITHS: I want to clear up one point upon which the Minister may have caused some confusion when he suggested that there was some legal doubt about something. I want to make it clear that there is no legal doubt about this particular clause, as to whether or not the price tendered is legal. The doubt is as to whether it is legal for the supplier to deliver milk in a particular district.

The Hon. G. C. MacKinnon: That is what I meant. It is the same thing. What is the point in tendering if you cannot deliver?

The Hon. CLIVE GRIFFITHS: I intend to discuss that at length when we are debating the next clause. There is no legal doubt about this provision and I want to make that clear.

The Hon. I. G. MEDCALF: I had some doubts at the beginning of this debate about what was intended by the particular paragraph which Mr. Clive Griffiths proposes be deleted. It seemed to me that the argument which had been put was that it was desirable for the Government to get milk at a cheaper price and I could not see, therefore, why we were being asked to approve of giving a power to fix the minimum price. If one wants to get something at a cheaper price one does not fix a minimum price.

The argument seemed to be to the effect that previously one supplier undercut everybody else and it was desirable that the undercutting should not be passed on to the industry and to the taxpayer in another form by the producer. I could not quite see that argument but Mr. McNeill has adequately explained it. I am quite satisfied from the expression of opinion he gave that as a result of the Tender Board and the Milk Board getting together it is now proposed to fix what is called a minimum price but which could be called by another name; it could be called a declared price.

What it amounts to is that there is to be a price fixed below which no-one can go in any application for the job. I call it an application for the job because I cannot see how it could be a tender. So it is a minimum price in that sense. On the other hand, it seems to me it is intended to be also a maximum price as far as the particular Government institutions are concerned.

I thoroughly approve of Government institutions getting milk as cheaply as possible, consistent of course, with the return to the producer, but I agree that that is protected because the producer already has a minimum price. I could not see the point of having a minimum price but on the basis that we are dealing with an industry that is completely controlled from A to Z, and in respect of which the prices are already completely fixed as far as the maxima are concerned, and where we have zoning, regulations, and untold rules and by-laws with which people have to comply, although they may not understand them, I think it would be rocking the boat considerably to try to take out this provision. I therefore propose not to vote for the amendment.

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

## Ayes—8

Hon. R. F. Cloughton	Hon. F. R. White
Hon. Clive Griffiths	Hon. W. F. Willesee
Hon. E. C. House	Hon. F. J. S. Wise
Hon. R. Thompson	Hon. J. Dolan

(Teller)

## Noes—10

Hon. C. R. Abbey	Hon. G. C. MacKinnon
Hon. G. W. Berry	Hon. N. McNeill
Hon. G. E. D. Brand	Hon. I. G. Medcalf
Hon. A. F. Griffith	Hon. S. T. J. Thompson
Hon. J. G. Hislop	Hon. V. J. Ferry

(Teller)

## Pairs

Ayes	Noes
Hon. H. C. Strickland	Hon. J. M. Thomson
Hon. F. R. H. Lavery	Hon. N. E. Baxter
Hon. R. H. C. Stubbs	Hon. L. A. Logan
Hon. J. J. Garrigan	Hon. J. Heltman
Hon. R. F. Hutchison	Hon. T. O. Perry

Amendment thus negatived.

Clause put and passed.

Clause 3: Section 30 amended—

The Hon. CLIVE GRIFFITHS: I intend to oppose this clause in any event but the result of the vote on the amendment I moved to the previous clause makes it more important that I oppose it. This clause legalises the position I spoke of previously in regard to Sunny West Dairies delivering milk into a district for which the company is not licensed.

I believe it is wrong to condone a situation, in which somebody is breaking the law, by taking steps to amend the law to overcome the problem. We should not agree to this. During the debate on the second reading Mr. McNeill mentioned that, to all intents and purposes, there were only three treatment plants. I drew a diagram some time ago when I first made inquiries about this matter which proved conclusively that this was so. The position is that one company has a greater demand for milk than the quantity supplied to it. Another has access to huge supplies of milk, but has very little demand for it. Company No. 3 is supplied with only a small quantity of milk but has a great demand.

In order to overcome the problem of insufficient outlets, one company cut the price of milk in areas at a time when controlled zones did not exist. In those days what was known as a blanket license was issued to treatment plants, and this license allowed a company to enter any district. The Milk Board then ceased to issue blanket licenses to prevent the milk company in question from entering areas indiscriminately and cutting the price. The board, therefore, put the milk companies in the same situation as vendors; it specified the areas in which they could operate.

As has already been explained, because this company has a huge intake of milk and a small number of outlets, it has decided it will not observe the regulated zones, and has entered areas where it is not licensed to deliver milk. Noalimba is one example in regard to which the Minister said there could be some legal doubt. However, according to the original intention of the board the company is breaking the law.

The Hon. G. C. MacKinnon: It cannot be proved.

The Hon. CLIVE GRIFFITHS: In answer to a question asked by me the Minister said the company was definitely breaking the law. Be that as it may, the company is delivering milk to Noalimba when it is not licensed to deliver milk in the district.

The most unjust feature of this episode is that the total quantity of milk sold in that district—Melville district, No. 98—by licensed vendors, is 29 gallons. In fact, the quantity is so insignificant that only one vendor delivers the milk. However, in that area an institution has been established with a daily requirement of 30 gallons of milk, which is more than the total gallonage supplied to the whole district, and the company to which reference has been made proceeds to supply milk to that institution. Surely we will not provide the means to condone that situation!

I can list the names of those who supply milk to many instrumentalities, and it will be found that the milk is distributed by three major companies. I have already mentioned that Royal Perth Hospital is supplied by Masters Dairy Ltd., the Fremantle Hospital is supplied by Sunny West Co-op Dairies Ltd., and the King Edward Memorial Hospital is supplied by Brownes Dairy Pty. Ltd., in complete conformity with the board's requirements. The position now is that people who are prepared to render a service to the community by selling milk, have an opportunity to supply milk to an institution that needs 30 gallons daily, and we are taking steps to prevent that occurring. For us to do that would be unforgivable. Therefore I hope the Committee will not agree to the clause.

The Hon. G. C. MacKINNON: As has been mentioned, several times in fact, the reverse applies. At present there is some doubt whether the company in question can be prevented from supplying milk to Noalimba. If it is unable to obtain a license under the Act it cannot supply milk to Noalimba and the local vendor will then be able to meet its requirements. I hope, therefore, that the Committee will agree to the clause as printed.

Clause put and passed.

Title put and passed.

### *Report*

Bill reported, without amendment, and the report adopted.

### *Third Reading*

Bill read a third time, on motion by The Hon. G. C. MacKinnon (Minister for Health), and passed.

## **ADJOURNMENT OF THE HOUSE: SPECIAL**

**THE HON. A. F. GRIFFITH** (North Metropolitan—Minister for Mines) (10.9 p.m.): I move—

That the House at its rising adjourn until 4.30 p.m. tomorrow (Thursday).

Question put and passed.

*House adjourned at 10.10 p.m.*

## **Legislative Assembly**

Wednesday, the 6th May, 1970

The SPEAKER (Mr. Guthrie) took the Chair at 2.15 p.m., and read prayers.

## **EASTERN GOLDFIELDS TRANSPORT BOARD ACT AMENDMENT BILL**

### *Introduction and First Reading*

Bill introduced, on motion by Mr. O'Connor (Minister for Transport), and read a first time.

### *Second Reading*

**MR. O'CONNOR** (Mt. Lawley—Minister for Transport) [2.17 p.m.]: I move—

That the Bill be now read a second time.

The purpose of this Bill is to overcome a problem which has arisen in respect of the term of office of the Chairman and members of the Eastern Goldfields Transport Board.

The board as at present constituted consists of a chairman and two representatives of each of the three local authorities named in the Act—one, in each case elected by the ratepayers and one elected

by the council. The two-year term for which the members have been appointed will expire on the 30th June next.

The three local authorities named are the Municipality of the Town of Kalgoorlie, the Town of Boulder, and the Shire of Kalgoorlie. The two last-mentioned local authorities are no longer in existence. Hence there is no provision for election of representatives to hold office after the end of June. This will leave the board without a quorum, which at present comprises the chairman plus four other members.

As members are aware, the two areas formerly controlled by the Town of Boulder and the Kalgoorlie Shire Council, respectively, have been amalgamated into one area now known as the Boulder Shire Council. This amalgamation, which has only recently been concluded, has extended over a considerable period of time. Because of the uncertainty of the final outcome it has not been possible to determine what the composition of the Eastern Goldfields Transport Board should be after the 30th June, 1970.

If no legislative action is taken an untenable position will arise on the 1st July. There would be no-one with authority to provide finance and operate the bus services for which this board is responsible, and employees would find themselves without employment.

It might be said that under such circumstances the Government should assume control in order to avoid complications. However, it is considered that even this action would require some enabling legislation. The only alternative is for existing board members to continue in office until the composition of the new board is determined. However, members are not prepared to continue acting unless they are given some legal authority to do so.

The Bill proposes, therefore, to extend the two year term of office of the chairman and each board member for a further period of 12 months—that is, until the 30th June, 1971. Section 22 of the Act provides that the election of members shall be held not later than the month of June.

This extension of the term of office, if agreed upon, will provide sufficient time for the local authorities concerned to determine the composition of the board and conduct the necessary elections before or during June of next year.

The Bill also makes provision for the board to function notwithstanding any vacancy in the office of member which may occur and which reduces the number required for a quorum by the number of such vacancies. This provision is necessary because, should any such vacancy occur, there is, as members are aware, only one local authority such as is named in the principal Act in existence to elect a member to fill the vacancy.