

# Legislative Council

Thursday, the 8th September, 1966

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The PRESIDENT (The Hon. L. C. Diver) took the Chair at 2.30 p.m., and read prayers.

## QUESTIONS (5): ON NOTICE

### UNDERWATER BLASTING

#### *Cockburn Sound: Damage to Houses*

1. The Hon. J. DOLAN (for The Hon. R. Thompson) asked the Minister for Mines:

With reference to the reply to my question on Wednesday, the 17th August last, relating to housing damage from blasting in Cockburn Sound—

- (1) Is the Minister aware that the shire building surveyor emphatically repudiates the implication that he agrees that the damage was not due to the blasting operations?
- (2) Will the Minister have the position further investigated, have the information checked, and report his findings to the House?

The Hon. A. F. GRIFFITH replied:

- (1) and (2) I understand that the honourable member advised the Minister for Housing that the shire building surveyor was concerned with the accuracy of the answer to the question referred to.

It is felt that the answer to the question has been misinterpreted, in that the passage—

... it is impossible to say with any degree of certainty that the cracking or damage

would not have occurred had there been no blasting

appears to have been taken as the opinion of the shire building surveyor, whereas, in fact, it was a conclusion reached by the State Housing Commission on the evidence available from the commission's inspections.

Any implication that the statement was attributed to the building surveyor is regretted.

2. This question was postponed.

## NOISE IN INDUSTRY

### *Hearing Disability: Coverage by Workers' Compensation*

3. The Hon. R. H. C. STUBBS asked the Minister for Mines:

Owing to the nature of the work and type of machines in use underground, and also machinery in use at the workshops at mines, and the impracticability of suppressing noise to safe limits, will the Minister have "hearing loss due to industrial noise" included as a compensable disability claim when the amendments to the Workers' Compensation Act are placed before Parliament?

The Hon. A. F. GRIFFITH replied:

It is proposed to introduce legislation to amend the Workers' Compensation Act during the current session of Parliament.

It is considered inappropriate to indicate by way of answers to questions the detail of legislation yet to be introduced.

### TEMPORARY RESERVE No. 3222H *Granting of Lease*

4. The Hon. R. H. C. STUBBS asked the Minister for Mines:

With reference to Temporary Reserve No. 3222H—

- (a) What is the total area?
- (b) When was a lease first granted?
- (c) To whom was this lease granted?
- (d) Which department granted the lease?
- (e) What is the purpose of the reserve—
  - (i) agricultural;
  - (ii) mining and minerals; or
  - (iii) both?
- (f) Has a renewal of the lease been made?
- (g) If so, to whom was it issued, and when did the lease commence?
- (h) Has the appropriate department received any rental payments?
- (i) If so, how much has been received per annum?

The Hon. A. F. GRIFFITH replied:

- (a) 3,650,560 acres.
- (b) No lease has been granted to any person; the area was created a ministerial temporary reserve on the 29th March, 1965, under section 276 of the Mining Act.
- (c) and (d) Answered by (b).
- (e) The area was temporarily reserved to allow the Western Australia land use study group to investigate the potential of the area in accordance with arrangements made between the Government and the company.
- (f) to (i) As stated in (b), no lease has been granted.

**WORKERS' COMPENSATION ACT**  
*Amending Legislation: Increased Hos-  
pital and Medical Payments*

5. The Hon. R. H. C. STUBBS asked the Minister for Mines:

When the proposed amendments to the Workers' Compensation Act are brought before Parliament, will the Minister give very earnest consideration to allowing much larger hospital and medical payments in order to obviate the serious financial disabilities now suffered by people seriously injured who need hospital and medical treatment for a long period?

The Hon. A. F. GRIFFITH replied:

It is proposed to introduce legislation to amend the Workers' Compensation Act during the current session of Parliament.

It is considered inappropriate to indicate by way of answers to questions the detail of legislation yet to be introduced.

My hesitancy in replying to this question is that the answer is similar to that given to question 3.

**LEAVE OF ABSENCE**

On motion by The Hon. R. H. C. Stubbs, leave of absence for six consecutive sittings of the House granted to The Hon. H. C. Strickland (North) on the ground of private business.

**BILLS (2): INTRODUCTION AND  
FIRST READING**

1. Corneal and Tissue Grafting Act Amendment Bill.

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

2. Hotel Proprietors Bill.

Bill introduced, on motion by The Hon. A. F. Griffith (Minister for Justice), and read a first time.

**STATE HOUSING ACT AMENDMENT  
BILL**

*Second Reading*

**THE HON. A. F. GRIFFITH** (North Metropolitan—Minister for Mines) (2.40 p.m.): I move—

That the Bill be now read a second time.

The first aspect which I shall deal with in explaining this measure is related to income eligibility in country areas.

A "worker" is defined in the Act as a person in receipt of an income not exceeding \$2,632 per annum plus \$50 per annum for each dependent child under 16 years of age. There is a proviso covering dwellers north of the 26th parallel. The income limit is subject to basic wage variations. There is, however, no income limit as defined for applicants for houses erected under the Commonwealth and State Housing Agreement. State Housing Commission policy is to adopt the State Housing Act limitation of \$2,632 for the metropolitan area only, with an allowance of \$3,146 in respect of areas outside the metropolitan area and south of the 26th parallel, and \$4,213 for areas north of the 26th parallel.

Thus problems are created when the commission builds houses in country areas with State Housing Act funds, because the houses may only be sold to applicants receiving not more than \$2,632 per annum, whereas houses built with Commonwealth and State Housing Agreement funds in the same town may be allocated to applicants earning up to \$3,146 per annum.

With a view to disposing of this disability, it is considered that provision should be made in the State Housing Act for the Minister, on the recommendation of the commission, to fix a higher income for persons outside the metropolitan region—as defined in the Metropolitan Region Town Planning Scheme Act—similar to the provisions at present in the Act for residents north of the 26th parallel, but not to exceed by more than one half the metropolitan eligibility.

This would enable the commission to build houses in country areas with either or both State Housing Act and Commonwealth and State Housing Agreement funds, and to sell or let the houses on similar conditions to those at present applying for homes erected under the Commonwealth and State Housing Agreement.

The second aspect is related to permissible house cost or valuation. Under section 60A of the Act, the commission is authorised to make advances up to \$2,000 as a second mortgage—provided the cost of the house to be erected, or the value of the house to be purchased does not exceed \$7,000, with the value of the land being excluded. The permissible amount was fixed at \$6,000 in 1955 and, due to increasing costs, this was lifted to \$6,300 in 1961, and to \$7,000 in 1964.

The persons assisted in the matter of a second mortgage under this section are those who have arranged a first mortgage privately from a financial source, such as an insurance company, and desire a second mortgage to bridge the gap between the first mortgage plus deposit and the cost of the dwelling to be erected or purchased.

Finance raised on first mortgage privately is usually raised at a higher rate of interest than that charged by the commission—presently 5½ per cent. Applicants for second mortgages usually can afford the higher financial commitment and to encourage them to utilise this form of assistance, and also because of the increasing building costs, it is desirable to increase the permissible house cost or value from \$7,000 to \$8,000, this bearing in mind that the applicant for a second mortgage alone assists in the conservation of commission funds for the reason that only a relatively small advance is made in each case. Second mortgage applications are satisfied by advances of up to \$2,000, whereas houses erected by the commission and sold on a first-mortgage basis require advances of up to \$6,000.

There is accordingly a substantial saving of funds in respect of families able to afford a higher financial commitment and obtaining homes by arranging first mortgages privately and calling upon the commission for the lesser sum.

The third point on which I wish to speak has to do with the limitation of second mortgage funds. Total advances on the security of second mortgages are limited by the Act to an amount not exceeding 25 per cent. of loan funds appropriated by Parliament each year. As the funds of the commission are now raised largely by the issue of debentures, an amendment is proposed to apply the 25 per cent. limit not only to those funds appropriated by Parliament but also to the moneys raised by debentures.

The Hon. H. K. Watson: What extra amount would that make available?

The Hon. A. F. GRIFFITH: That would depend, I imagine, on the amount the commission was able to borrow under debenture, having relation to the total.

Finally, in the matter of authority to administer Commonwealth and State Housing Agreements, a machinery amendment to the Act is required to enable the commission to administer the 1961 Commonwealth and State Housing Agreement and also the new 1966 agreement. The Act, at present, authorises the commission to administer only the Commonwealth and State Housing Agreements of 1945 and 1956, respectively, and this tidying up amendment is apparently necessary.

In summarising the provisions in the Bill, we have three main aspects to consider: Firstly, to overcome an anomaly with respect to eligibility to purchase dwellings in country areas; secondly, to increase the

permissible house cost or value where advances are made on the security of second mortgages; and, thirdly, to permit advances by way of second mortgage to be made to the extent of 25 per cent. of moneys (a) appropriated by Parliament and (b) borrowed by the commission from sources such as the raising of debentures. I think what I have just said answers Mr. Watson's interjection more clearly; in other words, it would depend upon the amount borrowed as debenture money.

Debate adjourned, on motion by The Hon. W. F. Willesee (Leader of the Opposition).

## FARMERS' DEBTS ADJUSTMENT ACT AMENDMENT BILL

### *Second Reading*

THE HON. G. C. MacKINNON (Lower West—Minister for Health) [2.48 p.m.]: I move—

That the Bill be now read a second time.

The Farmers' Debts Adjustment Act came into operation in 1931 for a set term and has been extended by successive Governments. The latest extension covered a five-year period expiring on the 31st March, 1967. The purpose of this Bill is the continuance of the Act for a further period of five years terminating on the 31st March, 1972.

The parent Act provides the machinery enabling a farmer to apply for a stay order whilst his case is investigated by the director and submitted to the trustees when warranted. It is complementary to the Rural Relief Fund Act, through which advances are made for adjustment of farmers' debts in instances of national emergency.

As the Rural Relief Fund Act provides that farmers must firstly apply under the Farmers' Debts Adjustment Act, it is necessary to extend the latter if the Rural Relief Fund Act is to continue to function and the trust funds be available for continuous use for debt adjustment purposes.

Assistance given by the trustees amounts to \$2,583,460, most of which was granted by the Commonwealth Government. The Farmers' Debts Adjustment Act has been of considerable assistance to primary producers and it is considered advisable that it remain on the Statute book.

A recent example in this regard is that of Commonwealth emergency assistance given in the Eastern States. Consequent upon the drought in northern New South Wales and in Queensland, farmers generally throughout those areas have been placed in a very difficult financial position. As a result, Commonwealth assistance was granted in respect of the drought-affected areas and those individuals who might have suffered because of drought.

Such cases of national emergency affecting primary producers occur in various States from time to time and have to be guarded against. With such an eventuality in this State, the Commonwealth Government would be approached for funds and they would be placed to the credit of the Rural Relief Fund under the Rural Relief Fund Act, with primary producers applying for assistance to the directors of the Farmers' Debts Adjustment Board.

The value of this type of legislation can be appreciated if we reflect that a case of national emergency adversely affecting primary producers could occur at any time and, if at that time Parliament were not in session, then it might be difficult, first of all to obtain the financial accommodation from the Commonwealth, and, secondly, to arrange the means of distributing it.

For these and other reasons, I commend the Bill to the House.

Debate adjourned, on motion by The Hon. W. F. Willesee (Leader of the Opposition).

## **BUILDERS' REGISTRATION ACT AMENDMENT BILL**

### *Second Reading*

**THE HON. L. A. LOGAN** (Upper West—Minister for Local Government) [2.53 p.m.]: I move—

That the Bill be now read a second time.

There are proposed in this Bill numbers of amendments to the Builders' Registration Act and some of these are of a minor nature which may be dealt with more satisfactorily in Committee. I refer, in the main, to variations in fees and penalties to bring them into line with present-day monetary values. There are many such references in the Bill so I think it would be more helpful if I were to deal with the main provisions in a general manner rather than weary members with repetitive remarks on similar clauses.

As members would know, builders who are not registered under the Act are permitted, nevertheless, to build a home for their own use. As a consequence, it has been found that some unregistered builders have been capitalising on these provisions by erecting buildings of a greater value than \$1,600 each, ostensibly for their own use, but after a short period of occupancy, have disposed of them, only to start the same procedure over again. By this simple expediency they are circumventing the provisions of the Act.

In order to stop this, it is proposed to insert a suitable restriction in the Act so that in future, where an unregistered builder wishes to build a house for his own use, he must, before being able to obtain a permit to build from the local

authority, submit a statutory declaration stating that he had not within the preceding 12 months obtained a similar permit from any other local authority.

Some unregistered builders also have been building blocks of flats, living in one flat and then eventually selling the whole block. It is considered that the Act, when amended, will prevent this sort of thing taking place.

Under the new provisions, an unregistered builder may not erect a block of flats but will be allowed to construct a two-unit building with both units at ground level.

Furthermore, it is proposed, in view of changing monetary values, to permit an unregistered builder to undertake building construction, other than for his own occupancy, up to a value of \$2,400. At present, the figure is \$1,600 and, as building costs have increased over the years, the proposal to raise it to \$2,400 appears reasonable.

In the matter of British nationality as related to building pursuits, it is considered there are many migrants whose skills we are losing advantage of during the intervening period before naturalisation is possible. Some are inclined to leave the country because, not being naturalised British subjects, they have been unable to practise their craft and there are instances of a few having actually left.

With our present rate of growth, we can ill-afford to lose such people and bearing in mind that similar restrictions do not apply in other Acts for the registration of other master tradesmen, it is considered most undesirable to discriminate against builders in this manner. A suitable amendment, therefore, removes the clause which restricts the registration of builders to people of British nationality.

In the matter of building work being carried out by a partnership, or company, or a body corporate, the name, the registered number, and the class of the registered builder and, also, a statement that the builder is managing and supervising the works, must be inserted in all advertisements issued by such organisation. There is the further provision that all these details must be displayed on the building site.

The Builders' Registration Board is satisfied that it would be sufficient for the purposes of the Act, if partnerships, companies, or bodies corporate exhibited the registered number only at the works and in advertisements. It is, therefore, proposed to delete the requirement of a statement being made that the builder is supervising the works.

This measure proposes an increase in the charge for examination fees. The maximum fee was set in 1940 when the examination comprised six subjects. The number of subjects has now increased to

10, with successive examinations of each student taking place over a period of from three to four years. The costs now incurred in holding these examinations far exceed the total of the fees raised and this necessitates an increase in fees.

Also, because of the period of years during which a student may sit for all of the examinations, it is desirable that the fees be charged per subject rather than a total aggregate sum covering all examinations. The fee in future will therefore be \$2 per subject, or \$4 for each supplementary examination subject.

I might mention in passing that the alteration proposed in clause 14 arises out of an apparent inadvertency in drafting for there is no other reference in the Act to a "President."

Debate adjourned, on motion by The Hon. W. F. Willesee (Leader of the Opposition).

### **INDUSTRIAL LANDS (KWINANA) RAILWAY BILL**

#### *Second Reading*

**THE HON. A. F. GRIFFITH** (North Metropolitan—Minister for Mines) [2.58 p.m.]: I move—

That the Bill be now read a second time.

The Industrial Lands (Kwinana) Railway Bill has been passed in another place and it is complementary to the Industrial Lands (Kwinana) Agreement Act No. 93 of 1964, which was assented to on the 14th December, 1964.

The State is obliged under clause 18 of the agreement to ensure that an area designated Area D will be connected by rail to both the now existing narrow and the future proposed standard gauge railway systems.

The railway, which is the subject of this Bill, is a short length of connecting railway from the Kwinana-Kenwick railway into the fertiliser works. Construction of the fertiliser works is well in hand and it is now necessary that the connecting railway be built to ensure that it will be ready for operation by the time production commences.

The Minister for Industrial Development, when introducing this measure in another place, remarked that there were some doubts in his mind whether a bill of this nature was really necessary. In support of this view, the Minister instanced the provisions of the 1964 legislation and also the normal deviation provisions which are inherent in all legislation on new railway construction. However, to avoid any future query, it was decided a Bill should be introduced but I would mention that once the railway is in the area occupied by the works, the railway siding becomes the company's responsibility entirely.

There is this point that, although the line comes off the main Kenwick-Kwinana

link and turns south to the CSBP and Farmers Limited boundary, it is not a deviation of the former in the true sense but really a branch railway. As such, there being no other suitable legislation under which it could be constructed to conform with section 96 of the Public Works Act, a special Act for its laying is necessary.

This Bill provides only for construction to the CSBP boundary at this stage, the sidings, etc., within the works being the responsibility of the company. Further development in the area southwards and on to Garden Island is envisaged as a long-range project. When this comes about, it will be possible to extend the line and provide essential rail connections to such industries, port facilities, etc., as may develop.

This Bill, however, refers only to the connecting railway, which is shown in the schedule as being about one mile 65 chains 70 links.

With your concurrence, Mr. President, there is tabled the plan required by the Act in respect of the construction of a new railway. It is Plan No. 57911. It would be desirable also to table a report by the Commissioner of Transport in accordance with the provisions of the State Transport Co-ordination Act. While it may not be statutorily necessary to table this report, I believe it is desirable to do so, thus removing any doubt in the matter and I trust you are agreeable to this being done.

*The Papers were tabled.*

Debate adjourned, on motion by The Hon. F. R. H. Lavery.

### **COUNTRY HIGH SCHOOL HOSTELS AUTHORITY ACT AMENDMENT BILL**

#### *Second Reading*

**THE HON. G. C. MacKINNON** (Lower West—Minister for Health) [3.3 p.m.]: I move—

That the Bill be now read a second time.

In introducing this measure I would remark that the legislation which established the Country High School Hostels Authority provided also in a central way for the appointment of committees by the authority and for the delegation of powers and functions to those committees.

During the course of the administration of the Act over the past six years, since it was introduced in 1960, it has been found in practice that it would be desirable to prescribe these delegated powers and functions in more detail by way of regulation.

Doubts have been expressed by the Government's legal advisors whether the present provisions of the Act empower the making of such regulations, and this amending Bill is accordingly being introduced with a view to putting the issue beyond doubt. The provisions in the

measure will permit the promulgation of regulations enabling the authority or its duly appointed committee to undertake the general management of its hostels.

It is proposed the regulations will provide for, firstly, the engagement and dismissal of hostel staff and the determination of their powers and duties; secondly, the regulation and control of admission, suspension, and expulsion of students and their conduct within the hostels; and, thirdly, provision for the maintenance and enforcement of discipline.

There is no need, I think, for me to enlarge upon that explanation of the Bill, which, members will see on perusal, is quite self-explanatory.

Debate adjourned, on motion by The Hon. J. Dolan.

### **AGRICULTURAL PRODUCTS ACT AMENDMENT BILL**

#### *Second Reading*

**THE HON. L. A. LOGAN** (Upper West—Minister for Local Government) [3.4 p.m.]: I move—

That the Bill be now read a second time.

This Bill has three main purposes; firstly, to bring pears under the control of the Apple Sales Advisory Committee by extending the scope of that committee to cover pears. Secondly, the Bill constitutes an additional committee under the name of the citrus sales advisory committee; and, thirdly, there is provision for both committees to operate until the 31st day of December, 1969. I might mention that last year the life of the Apple Sales Advisory Committee was extended to the 31st day of December, 1966, and, in this connection, I would add that the life of this committee, which was established in 1962, has been extended progressively to the end of December of this year.

The activities of the Apple Sales Advisory Committee have assisted the apple industry and it might have been expected that, by now, some form of permanent control would have been established. The Western Australian fruitgrowers are, as yet, unsatisfied that quality control by itself will ensure satisfactory marketing of the apple crop.

The growers have, nevertheless, been unable to put forward any more effective means, and the extension of controls over at least the next two years is supported by the uncertain state of the apple export market. The situation regarding overseas markets continues to deteriorate and the next one or two years are expected to be difficult ones. Greater importance is therefore attached to the local market and it is hoped that a more satisfactory system for the control of local apples may be developed during the next year or so.

The committee determines the size and quality of specified varieties of apples sold on the local market, with the object of

preventing inferior fruit from being marketed. The Fruit Growers' Association has now requested that pears be made subject to similar measures. The purpose of this would be to prevent the sale of inferior and under-size pears which, at times, seriously lower market returns for better-quality fruit.

Last season, due to a heavy crop of pears, particularly Bartlett pears, the market was glutted at various times and overall returns to growers greatly reduced. In addition to the marketing of small pears, including Bartletts, many sold locally were affected with black spot blemishes.

The inclusion of an appropriate amendment in this Bill will provide the means by which the sale of inferior and under-size fruit can be restricted. It will not necessitate additional staff as inspections, both in the country and in the metropolitan area, will be carried out by the present market staff augmented by the same four temporary inspectors as for apples.

Finally, there is an amendment, as already indicated, for the establishment of a citrus sales advisory committee at the instigation of the Fruit Growers' Association. The central citrus council of the association has sought legislation of this nature with a view to covering citrus sales similar to that under which the Apple Sales Advisory Committee is constituted.

The new body to be set up will interest itself in preventing the sale of immature citrus fruit; and oranges, mandarins, lemons, and grapefruit will come within its ambit. Oranges, particularly early in the season, are a matter of concern, and it is desired to prevent poor-quality citrus fruit from depressing market prices during periods of heavy supply.

The parent Act and regulations promulgated under it already provide authority to detain and dispose of substandard fruit and this facilitates restrictions imposed by advisory committees. These measures, as I have mentioned, will be operable for a period of two years as from the 1st January, 1967, to enable the adequacy of the controls to be ascertained.

Debate adjourned, on motion by The Hon. S. T. J. Thompson.

### **FRUIT CASES ACT AMENDMENT BILL**

#### *Second Reading*

**THE HON. L. A. LOGAN** (Upper West—Minister for Local Government) [3.9 p.m.]: I move—

That the Bill be now read a second time.

This Bill is complementary to the one amending the Agricultural Products Act, as a result of which it is desirable to extend the operable period of the Fruit Cases Act for a further two years.

There is defined in the Fruit Cases Act a direct buyer of fruits such as apples, pears, and citrus, and relevant provisions make it possible to obtain information regarding wholesalers and retailers who purchase fruit direct. This information is necessary for the effective checking of grades of fruit prescribed under the Agricultural Products Act. By this means, uniform standards of quality are attained whether fruit is obtained through normal outlets or from the grower direct.

The Bill as a complementary measure to the proposed amendments to the Agricultural Products Act is commended to members.

Debate adjourned, on motion by The Hon. N. E. Baxter.

## GRAIN POOL ACT AMENDMENT BILL

### *Second Reading*

Debate resumed from the 7th September.

**THE HON. A. R. JONES** (West) [3.10 p.m.]: Yesterday I took the adjournment of the debate on this Bill for the purpose of seeing whether there was anything in it that would be detrimental to our thinking on the matter. As a result of my research, I find it is a very good Bill, and one worthy of our full consideration and support.

As members will be aware—particularly those who follow the farming industry—a grain pool has been established in Western Australia for many years. In the first instance, it was set up to handle wheat, prior to the Australian Wheat Board taking over the full sale and handling of the Australian crop.

The Grain Pool continued to operate, and for the past few years it has handled the barley and oats crops of Western Australia, not on a compulsory basis, but purely on the basis of a voluntary pool. It has been quite successful. I think the only sales made outside the pool have been sales direct to the purchasers of grain for the purpose of making stock foods and the like; and perhaps to some of the stables around the metropolitan area where racehorses are raised. However, very little of the two grains—barley and oats—has been sold outside the pool.

Since linseed is being grown very economically and commercially in the district of Esperance, this Bill provides that the pool be widened in its scope to handle this grain. The measure also makes provision for the future as perhaps there may be some other form of seed or grain which could be handled by the pool. Therefore the scope of the pool has been widened considerably. I think that is a very good thing.

I remember during the war years that linseed was a very scarce commodity in

Western Australia and its growth was encouraged by the Government. I was one who undertook to grow linseed, and we were guaranteed a certain price, irrespective of whether the crop failed. On the first occasion the crop planted was a failure, because linseed has to be looked after and nourished from the beginning, and protected from red mite and other diseases. Towards the ripening period it has to be protected from moth, which gets into the flower and spoils the crop. In the third year we were able to grow a crop of commercial value and made quite a profit from it.

From my experience of the Esperance district I would say it is ideally situated for the growing of linseed because of its long period of mild and calm weather which is necessary for the ripening of a crop. I am sure the Department of Agriculture will advise the growers in that district of the pitfalls which they might expect when growing this crop; and, no doubt, the growers will benefit from the guidance of the department.

This is an industry that should be encouraged because if this crop has a commercial value overseas, more growers will enter the industry; and there may be other places where linseed can be grown successfully. I am of the opinion that it is a good thing we have given the handling of this crop to the pool in order to get the best price that might be available.

The banks, too, are most interested in ensuring that this Bill is passed. It will enable the Rural and Industries Bank to find credit for the first advance on the crop and will also enable the Industries Development Bank to support the industry with a guarantee of payment from markets overseas.

Provision is made for the fact that this is a crop which may need some extra processing. Wheat and oats come from the harvester as a clean sample of seed, but linseed may need dressing. If I remember rightly, we had to get graders in to dress the seed to marketable quality; and this measure will allow the pool to purchase plant to process, if necessary, and also take shares in a company that handles the crop—which would mean Co-operative Bulk Handling—if called upon to handle the grain for overseas shipment. All in all, provision is made for the full handling of this crop and I commend the measure to the House and trust it will be passed.

Question put and passed.

Bill read a second time.

*In Committee, etc.*

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

# **WUNDOWIE WORKS MANAGEMENT AND FOUNDRY ARGUMENT BILL**

## *Second Reading*

Debate resumed from the 7th September.

**THE HON. J. DOLAN** (South-East Metropolitan) [3.17 p.m.]: This Bill, of course, represents a clash in philosophy so far as political parties are concerned; and, consequently, it is only to be expected there will be considerable variations of opinion about it.

I would like first of all to make comment on some of the remarks passed by members in speaking to the Bill. I recall one honourable member said that the industry had to be closed up and he could not support the idea of money being used to bolster it up.

This particular honourable member favours subsidies to industries in which he is probably interested; and he also expressed the opinion there were some aspects of State ownership with which he went along. I feel that is a shandygaff attitude. This attitude was expressed by one of his colleagues in another place.

A member on the other side happened to twit him and said it appeared that these particular people want to "socialise" their losses but individualise their gains. I feel this is an attitude we can disregard with a mild touch of humour.

Another honourable gentleman caused me a little surprise, because I admire his very keen business acumen. When agreements of this nature are before the House he gives them a very detailed study and is always very pertinent. Yesterday, when this member was commenting on the words of a previous speaker, he referred to the fact that he considered the option was a mere formality in readiness for the sale. I think he used the word "quibbling." He went on later to say he expected this industry would eventually be doubled, about 80 new jobs would be created, there would be a work force of 450, and there would be a town populated by 1,200 to 1,500 people.

I am almost sure he indicated that the whole set-up and, of course, the results which were to follow were an established fact. As the Minister himself considered it an established fact that progress would be made, I think he anticipated that the sale would be made. In fact, it looked to me as though the option was a mere formality, and for all practical purposes the sale was an accomplished fact. Perhaps I could quote the words of a famous master of deduction, Sherlock Holmes, and say that such a conclusion would be elementary. I think Holmes used the term in most summing-up, "Elementary my dear Watson." I think the comment is quite justified.

I would like to mention the progress of the industry from the time it was established. From 1948 to 1956 there were

successive losses and those losses involved a considerable amount of money. However, I think it was understood when the original Bill was passed, and the industry became an accomplished fact—and I would say with the support of the members of all parties in the House—that in the initial stages there would be losses. Perhaps I could say during the teething stages.

After a succession of losses until 1956, the industry made its first profit in 1957 to the tune of \$23,064. In 1958 the profit was \$26,674. A loss was again incurred in 1959, and it amounted to \$48,658.

At this point the management board could see that one of the great necessities of the industry was to modernise it, and a new blast furnace which was more efficient and more modern came into operation. The greater capacity and efficiency of this blast furnace changed the whole set-up as far as the industry was concerned. We find that in 1960 there was a turn for the better following the progressive step of installing the new and modern machinery—or the new and modern blast furnace. In 1960 the industry showed a profit of \$101,086. In 1961 the profit increased to \$143,760; and in 1962 there was a slight drop—but still a fairly substantial profit—to \$128,386. In 1963 there was another profit of \$33,560.

I would ask members to note the gradual rise and then the rather steep fall. It was at this stage I think the board could see that without the establishment of a modern mechanised foundry for the production of castings at Wundowie, the future of the industry was precarious. I think the board then started to prepare plans for the possible establishment of the new foundry. After investigations, the cost of the foundry was estimated at \$600,000. I note that in the agreement before us the new company has accepted this figure as being somewhere near the cost of its establishing the foundry. In my view the company and the Government are very wise in accepting the decision which had been reached, by those people experienced in the industry, that a modern casting foundry should be established.

The Government, because of its policy—and I do not quarrel with it for this—reasons that it has a perfect right to do these things. We on this side hold a different view. When the industry installed the new blast furnace wonderful results were achieved almost immediately, and had the industry been allowed the opportunity to establish what it wanted, instead of the results worsening its position could have improved.

When discussing the previous Bill, I suggested that it would have been possible to give the industry borrowing powers so that loan funds would not have been interfered with in any shape or form. The borrowings over, say, five or six years, would have amounted to about £50,000 a year. I would think that as the foundry

was being established essential improvements would be made progressively. Increased sales would have lessened the borrowing burden and difficulties in subsequent years.

The Hon. A. F. Griffith: You are taking it for granted that the industry would have been able to borrow?

The Hon. A. R. Jones: Who would you suggest would lend the industry money?

The Hon. J. DOLAN: I suggest the money could have been obtained from the same sources expected to provide the money for housing. It is proposed in this Bill that there should be an authority set up to borrow money for housing.

The Hon. A. F. Griffith: You realise that the borrowing capacity of an organisation of this nature is limited to \$200,000?

The Hon. J. DOLAN: I realise that. I repeat: the borrowing could be done progressively to establish certain aspects of the new foundry, the profits would be used in order to purchase more machinery, and so the industry would progress further. If we had been the Government, we would have been inclined to follow this course. We have followed this course with other ventures and it has shown results; it was fully justified in those cases. However, the Government did not feel justified in doing that, because of its policy, and I cannot quarrel with it.

The members of the board at Wundowie are not irresponsible people. I gave their names the other day, and I mentioned Mr. Fernie, Sir Alexander Reid, Mr. Harris, and the others. They are hard-headed businessmen and anything which they proposed to do would not have been done irresponsibly. Those men must have seen that the future of the industry was at stake and they were able to get results. Of course, this is only my view. I am sure the Government has an entirely different view.

The Hon. A. F. Griffith: The Government has not a different view on the people concerned in the industry.

The Hon. J. DOLAN: I did not mean that; I meant on the question of policy. We all realise that these people work hard, and I do not criticise the Government from that aspect.

We find that the industry again made a loss in 1964, and the losses have been progressing since then. In 1964 the loss was \$27,618, and in 1965 it was \$77,682. I do not know if the Minister has the figure for 1966; I think it is probably more. Let us suppose, for example, that it was \$80,000 because I want to quote that figure, perhaps, later on.

The Hon. A. F. Griffith: The predicted loss for 1966 is \$322,319.

The Hon. J. DOLAN: I am not worrying about the figure because what I intend

to say later on will give greater point to what I wish to say now.

The Hon. F. J. S. Wise: It takes some dragging out.

The Hon. J. DOLAN: There are some features of the Bill in regard to which I think we should have been given more information, and I am sure the Minister, in his reply, will try to enlighten us about them.

The Hon. A. F. Griffith: I will try.

The Hon. J. DOLAN: This is a big public asset and, whether we are in Government, or in opposition, I think it is up to all members to safeguard public operations or public industries. We might differ on policy but I do not think we would differ on that. All members have a right and they also have a duty to know that in operations like this the results achieved are open to inspection—very close and thorough inspection.

At the beginning of his second reading speech the Minister said the agreement was divided into five main parts, and that it was rather complex. I would just make one comment on that: I would emphasise one word—I would emphasise "rather." Every member who has spoken to the Bill so far has referred to the fact that it is a big Bill which takes a lot of study and understanding; and it would be excusable if, in our deliberations, we made a few mistakes. I have spent many hours looking through it, not in a fault-finding way, but to look for certain points upon which I need more enlightenment.

What I am about to say does not necessarily follow in the order of the clauses in the Bill; I might move around a little bit while I am trying to lead up to the point I wish to make. As regards the management fee the Minister said that the basis of calculation is that the company is entitled to a fee of \$35,000 per annum, reducible by \$7,000 each year thereafter. I would assume that in five years the \$35,000 would have been cut out. The Minister also said that, in addition, the company is entitled to 20 per cent. of the improvement in trading results beyond the adjusted trading results of the year 1965-66. I will come back to the figures the Minister gave me in a moment.

Now we come to the next part and I think this should have been mentioned a little earlier in this particular paragraph. The Minister said that the minimum fee payable is \$15,000 in any one year, and if we leave the 20 per cent. on one side for a moment members will see that the other two issues have to be taken together. Although the management fee is reducible by \$7,000 each year, until there is only \$7,000 left to draw, there is still the question of the minimum fee of \$15,000.

There is one question I would ask of the Minister, and I hope he will enlighten

us. There may be some simple answer to my question, but I cannot find it in the Bill. I have not had many dealings with figures, except with sums where millions have been involved, but they have been merely hypothetical cases and this seems to be something different. I suppose I could take what was said in the Minister's second reading speech as being accurate regarding what was in the Bill, but the Minister said that the company is entitled, in addition, to 20 per cent. of improvement in trading results beyond the adjusted trading results of the year 1965-66; but then he goes on to say that regardless of any improvement in profitability attributable to write-off of capital, reduction of depreciation, and interest charges, etc., the minimum fee payable is \$15,000 in any year. The management company would have to get this fee irrespective of whether the loss was \$300,000 in this last year.

The Hon. A. F. Griffith: What I said was that the predicted loss would be so much.

The Hon. J. DOLAN: I will not quibble; anywhere between \$200,000 and \$300,000, or thereabouts will do for the purposes of my argument.

The Hon. A. F. Griffith: This is without any stock adjustments or anything else of that nature at this stage.

The Hon. J. DOLAN: The information I require will not have any bearing at all on any of these things. The management company is to be entitled to 20 per cent. of the improvements in trading results beyond the adjusted trading results of the year 1965-66. Using that figure of \$200,000, or \$300,000 as a starting point, when we come to the end of the first year of operations, if the figure as at that date was a loss of \$200,000, then the trading results would have been improved by \$100,000. If next year the company presents figures to show that a loss of only \$100,000 has been made is it, in addition to everything else, entitled to 20 per cent. of that \$100,000 improvement in trading results? Would the company be entitled to that even though the industry is still \$100,000 in the red at that time?

Not that it would make much difference in the overall picture of the Bill, but if what I have said is so, it makes a difference in regard to what we all think the company is to get out of this proposal.

I looked at the schedule and I was a little concerned, especially when we know that a sum of \$2,200,000 was written off and the industry is assumed to be worth only \$800,000. As one who is not a wizard at finance, I would like to know how this figure of \$800,000 is made up. I think it would have been a considerable help if alongside the items in the agreement we could have been given an estimate of the value of each item.

For instance, the blast furnaces plant is comparatively new, and is still in excellent condition; it cost a considerable sum of money. The next item in the schedule is the block firewood producing plant. There is a very modern sawmill, in addition to the trucks and everything else associated with the operations of a modern sawmill. There are workshops and other machinery, office equipment, and 11,000 acres of land which will be owned by the company. I made some inquiries to get a rough idea of the price of land in that area and, although it was only a rough idea, the figure mentioned was \$10 an acre after the valuable timber had been removed.

Land in that particular area is quite good. There is a good rainfall and, under modern conditions, it has prospects of being brought into production without much difficulty. Even at a figure of \$10 an acre it represents \$100,000. Therefore, taking away the valuation of the land, it brings the price of the industry down to \$700,000. The same could be done with all the other items that are mentioned in the schedule. As members of Parliament we have a duty to see that we get a good price for any State undertakings that may be sold. Therefore it is our duty to know all about those transactions.

What I am about to say in this regard might be off-line but, as information is not available to us, we must make our own deductions. I saw an article in the paper this morning in which a gentleman, who might be a little biased, but who knows the district, and represents it, estimates the value of the property as it stands to be around the \$3,000,000 mark. We are perturbed over the fact that if something is worth \$3,000,000 and we are selling it for \$800,000 the State has to foot the bill for the difference. We want to make sure that we get a fair price for it. We are entitled to know all the ramifications of the deal. This is the sort of information that should be contained in a second reading speech.

The Hon. V. J. Ferry: How did this chap arrive at his valuation?

The Hon. J. DOLAN: He is a layman but I would say he has had a close contact with the people concerned, and with the district, over a number of years. He is a pretty smart gentleman and when he assesses the industry as being worth \$3,000,000 I would say his estimate is nearer to the correct price than is the figure of \$800,000. It might be completely off the beam, but we should know about it. If we were given some indication of the price and value of these undertakings we would not be haggling about this particular item.

The Hon. A. F. Griffith: You would forget your philosophy.

The Hon. J. DOLAN: Probably for a little while. Perhaps I forget it sometimes when

there is something which merits my looking at it with a different eye. In some matters I am very one-eyed.

The Hon. G. C. MacKinnon: Mainly in football.

The Hon. J. DOLAN: Sometimes there are different colours, but that does not matter. The points I am now about to raise are only minor questions. For example, I notice that at present all assets are insured with the State Government Insurance Office. This is covered by paragraph (j) on page 8 of the Bill. There again I am not haggling about that, but I have noticed that all these little points are inserted. I suppose, being a Government industry, it was correct procedure to insure it with the State Government Insurance Office; but, with this agreement, I thought the attitude may have been, "The State Government Insurance Office has given us good service over the years but if you want to insure with someone else it is okay." If that is the policy to be adopted I suppose it is all right. Probably I am led to the thought that the company might have gained an extra discount with some other insurance company!

On going through the Bill I have noticed, too, that on certain pages various words are printed in capital letters. On page 9, for example, the words "it being acknowledged" appear in the centre of the page. These are only minor matters, but usually capital letters are reserved only for words such as "board" or "company" and so one notices particularly when the words "it being acknowledged" appear in capital letters. Apparently it is something special that has to be brought to one's notice. It was brought to my notice because I thought that these words had some special significance, but when I read the paragraph I did not consider it was so vitally important.

Again, on page 24, I found the word "acknowledges" in capitals. If one were looking through an agreement and found such a word in capitals one would consider that it had some special significance, but I cannot see the special significance of the word being in capitals in this Bill.

I have also noticed the words "provided always" in big block capitals. I thought that whoever was Premier when the Bill was passed—

The Hon. H. K. Watson: You had better have a private talk with Mr. Heenan about that and he will explain it to you without embarrassing you.

The Hon. J. DOLAN: He would not embarrass me with anything he said. Even if he did say something that might embarrass me I would say something embarrassing to him in return.

I also noticed that some of the words used in the Bill have two meanings. For instance, I was quite interested to see a reference in the Bill to demised premises.

One knows the meaning, of course, of the words. I have often seen the word "demised", and in view of the fact that this Bill means the death of a State industry there was probably a little sardonic humour being practised when those words were used. If the words had been used plainly they would not have struck our sensitivity so much.

There is one other item to which I would like to refer, and here again I am of the opinion that some information could have been given. It will not be long before the standard gauge railway is an established fact. If my reading of what has been said in another place is correct, it is quite possible a considerable saving in freight charges will be made when the standard gauge railway is built. One honourable gentleman suggested that the saving could possibly be more than \$4 a ton. As the Railways Department handles 100,000 tons or more of this ore freight in a year the saving will amount to a considerable sum, and one can quite easily visualise there will be considerable saving in freight charges from the time the standard gauge railway first comes into operation.

I have noticed there will be two gauges of railway lines involved. Ore will first of all be carried on the standard gauge railway, and will then be transferred to the other line. I think even the Minister in another place would be inclined to agree that with this industry there would be a probable saving—I have read the Minister's speech on the matter—of \$1.50 a ton. That, too, represents a tremendous saving in freight and would give the industry a chance to get on its feet.

When it becomes an accomplished fact, apart altogether from our policy and our philosophy, we can only wish this project well in the interests of the State. Although the company will do extremely well out of it, we consider that, due to the fact there will be contented communities, and a contented little town of 400 or 500 men gainfully, peaceably, and happily employed, this will be to the benefit of the industry and the State in general.

I cannot support the Bill on a matter of policy, because I am of the opinion that if this industry had obtained the support we would have given it had we been in office it would still be a going concern. It would still be making profits and would still be making an excellent contribution to the welfare of the State. As it is, we are faced with the prospect of writing-down assets by \$2,000,000 which will have an adverse effect on the State's public debt, and will be an added burden of debt to be shouldered by the taxpayers. This is possibly a reason for foreshadowing an increase in taxation charges. I think I have said enough. I oppose the Bill, but whilst doing so I wish the industry every success, and I express my good wishes to all those associated with it, particularly the workmen.

*Sitting suspended from 3.48 to 4.6 p.m.*

**THE HON. A. F. GRIFFITH** (North Metropolitan—Minister for Mines) [4.6 p.m.]: I thought that the opening remarks of Mr. Dolan, when he spoke to this Bill, were to the point. He said it represented a clash of philosophies. I suppose I could accept that in a way; it certainly is a matter of political principle as to whether certain trading concerns should be run by the State or by private enterprise.

I want to say at the outset that the Government had one of three courses which it could adopt in respect of this industry. Firstly, it could continue to fund the industry from loan funds, and so carry it on, in the manner in which it has been carried on over a long period of years. Secondly, it could let the industry close down; I believe the second course would be a corollary to the first, in the ultimate, because surely no Government would be able to continue for an indefinite time the financing of the state of affairs which exists in this industry. Thirdly, it could enter into an agreement, along the lines of the one before us. These are the three courses open to the Government, and it has chosen the third. It has decided to enter into an agreement to re-establish the industry under the conditions set out in the agreement.

It is not at all strange that the company with which the Government has carried on negotiations is A.N.I., because I told the House last year when Parliament gave its support to the Bill in connection with the sale of the industry that the company concerned was A.N.I. As far as I know the only reason why this particular Bill now before us was not introduced last year was that the agreement could not be concluded before the end of last session. The reasons, and the situation surrounding the negotiations, were explained in great detail.

Whilst I am grateful to Mr. Watson for pointing out the great care taken by the Minister for Industrial Development to explain the Bill in another place, I thought that I, too, went to some trouble to explain what has transpired. I have had a few days, since the introduction of this measure, to look at the complexion of the industry at Wundowie, and into the fact that the legislation authorising the industry to be established was passed in 1943 by a majority of 15 votes. That tends to give strength to the idea that the Bill received great support.

When we examine the debates in the 1943 *Hansard* we find that members were not so sure about the situation, as one might gather they were. When the Minister for Industrial Development, who was also the Premier, introduced the Bill in 1943 to establish the industry at Wundowie he had this to say—

During the last three years, considerable inquiry, consultation, re-

search and visits to Eastern Australia have been carried out to make it possible to establish in this State the industry which those who take an interest in the industries of our State, and the establishment of secondary industries here, have been hoping for a long time past would soon be commenced in Western Australia.

As far as I can see the industry was based at Wundowie as a result of the thoughts expressed by the Minister at the time. He said—

It was known, too, that we possessed substantial land and suitable deposits of other raw materials, including limestone, required for the successful establishment of the iron industry. The existence of the main iron ore deposits is probably well known to every member of this House. The largest and best quality deposit is that found on Koolan Island in the North-West. Another big deposit of high quality ore exists at Koolyanobling in the Southern Cross area. Other deposits—about which not so much was known previously—are to be found in the Darling Ranges.

I wish to make this point, and in doing so I am not discrediting those who were responsible for setting up the industry, because I believe they did so in good faith: Some old records of the Mines Department indicate that whilst some people thought there were 1,000,000 tons of iron ore—the basic raw material for the establishment of this industry—within a 10-mile radius of the Wundowie works, other people looked into the matter and found there were about 130,000 tons only.

That thought was shared by a member of the Legislative Assembly at that time, the member for Canning (the late Mr. Cross). On page 577 of the 1943 *Hansard* he had this to say—

I hope that the Minister is not carrying out this proposal because of any blind faith in his so-called State experts.

Further he went on to say, and this is quite important to my mind—

What I want to make clear is this: If we start this industry and pour £100,000 or £200,000 into it and it turns out a failure, it will make all the difference to this State.

If, however, we get the fullest advice, even though it costs extra money for the inquiry, we will receive a commensurate benefit. We have not got the experts in this particular industry here, so we should bring them to Western Australia in order to get the benefit of their experience and advice for the successful establishment of the industry. You, Mr. Speaker, know as well as I do how the American mining companies open

up a mine. The company which developed the Big Bell mine spent £50,000 on inquiries before it touched the project, but when the company got going it made a job of the mine.

So doubtful was the Minister at the time of the support of one of his own colleagues, that he asked, "Are you in support of the Bill?"

The Hon. J. Dolan: I heard that question asked yesterday.

The Hon. A. F. GRIFFITH: Yes, and I asked it because I had this in mind. I thought it appropriate to ask it at the time because there was a doubt about it. The honourable member in the Legislative Assembly at that time was right on the ball.

The Hon. F. R. H. Lavery: It is the first time you have thought a Labor member was right.

The Hon. A. F. GRIFFITH: Oh no. I have known of times when Mr. Lavery was right.

The Hon. R. F. Hutchison: Will you extend that to me, too, please?

The Hon. A. F. GRIFFITH: I think he had something, and in the light of the experience I have been fortunate enough to have in the last seven or eight years, and the mention of £50,000 that the American company spent on Big Bell, I believe that the most important thing in the mind of any company which is going to establish itself in an industry is to make sure it has the basic raw material to ensure the success of its industry. It just cannot do anything without the tools with which to work; and I think it was a mistake in the first place that someone thought the basic material in the way of iron ore deposits was there, because it was not.

I wish to draw attention to another interjection made at that time, and I do not say this in any critical way. Whilst the Minister of the day was speaking, Mr. Cross, the member to whom I referred a moment ago, said by way of interjection—

It is not limonite at Wundowie whereas it is haematite at Koolan Island?

I do not quite know what this means. It seems to me that the interjection should have read, "It is limonite at Wundowie, whereas it is haematite at Koolan Island." However, the Minister of the day said—

I think the member for Canning is correct in his statement.

The Hon. J. Dolan: He was quite honest.

The Hon. A. F. GRIFFITH: Of course he was, but he still did not know a great deal about the situation, and I do not think anybody in this State at that time knew very much about the situation related to the raw material of iron ore except from what appeared in *Hansard*. It was an honest estimate of the situation at the time.

As I related in the debate last year, it was necessary to look for some other source of supply for the raw material. The timber and the land were there, but the iron ore was not, and it was necessary to get the supply from Koolyanobbing. As I also reminded members last year, during the debate on the B.H.P. legislation, a clause was included to ensure that the ore would still be available to the industry from this source. I only mention this because I feel that in 1943, if more had been known about the situation, perhaps the State might not have been so anxious to go into an enterprise of this nature.

I cannot help but say that the sage gentleman to whom Mr. Dolan referred, who said that this industry was worth \$3,000,000, should take the opportunity to make a shilling or two if he thinks it is worth all that much. I believe that whilst Mr. Dolan was probably a very good school teacher, he is not such a very good financier.

The Hon. J. Dolan: I told you that, although I have always paid my way.

The Hon. F. D. Willmott: Good financiers perhaps do not!

The Hon. A. F. GRIFFITH: This is very important. The honourable member suggested that in order to save the industry it should have been given the power of borrowing. I would remind him, as I did by way of interjection, that the power of borrowing is very limited under this legislation. The amount is to be limited to £100,000 or \$200,000 in any one year. Then, of course, one has to wonder from whom the money would be borrowed. Would anyone be anxious to lend £100,000 a year for a certain period in order to get this industry out of its parlous condition? What security could the industry offer? It owed the State certain amounts each year, and they were increasing. What security could the industry offer?

Any independent lender would want some security for his money, and I cannot see any possible chance of that, unless the State is prepared to forgo what security it has as a result of providing money for the industry out of loan funds since 1943. I am sure the honourable member made the suggestion with the best of intentions, but I do not think it would stand up to examination.

At this point may I say that a great many questions have been posed to me in the course of the second reading debate. Some of them I can answer. I readily agree, as I have already said, that this is a most complex agreement. It is extremely difficult for me to understand a great deal of it, but it was necessary, in order to come to this arrangement, to have these various accounts—this phasing out process—so that the management could take over and the option could be exercised at the end of a period of years.

The position, plainly and simply is, although I was ridiculed last night for interjecting to say so, that the Government had no real reason to bring this agreement to Parliament. It need not have introduced this Bill for another 10 years, until the point when the option was exercised and the sale made, because no sale has been made at this point of time. The production of this Bill is in conformity with the undertaking that was given last year, by an amendment moved by me at the request of the Opposition in another place, to provide that we would bring the agreement to Parliament for ratification; and here the agreement is.

I think this Bill ought to be accepted in the spirit it is produced—the spirit of negotiation. It is all very well to say that clause 41—the variations clause—is pretty wide, but the words upon which emphasis should be placed in reading this clause are—

for the purpose of more efficiently or satisfactorily implementing or facilitating the carrying out of any of the objectives or provisions of this Agreement

I think these are the words upon which emphasis should be placed because that is the spirit in which the agreement was negotiated. As a Government we have simply asked ourselves the three questions I posed to members. We can carry on by taking money out of loan funds, but it is becoming extremely difficult to find loan funds. We can let it run down and dispose of itself because of its debt. Or we can revive it: we can enter into the arrangement with this company.

If we adopt this last course, the industry will be built up to something bigger, instead of its remaining in its present static state, so there will be some stability in the town of Wundowie. If the Government wanted to take the second course, was not the obvious thing to do to sit on one side and see the industry gradually die, because it was dying?

Mr. Dolan helped us by supplying the figures of the profits and losses over a period of years. I just remind him that the things he said this Government should have done, could have been done during the period of the previous Government, the Government before that, and the Government before that again; because for 14 years a Labor Government was in office in this State.

I never cease to be amazed at the number of mistakes we are accused of having made as a Government, on matters which were not rectified by previous Governments. Yet the blame is heaped upon the present Government at a stage when it enters into an agreement—when it tries to revive an industry. I never cease to wonder about this sort of thing.

Mr. Dolan gave us the profit and loss figures for the industry and he rightly pointed out that the profits were made in

1960, 1961, and 1962. But I would remind members that these were short blessings, because through increased wages and other costs, the 1963 profit dropped £128,000—odd to £33,000. He gave us the figures for 1964 and 1965, and the anticipated loss in 1966 was the figure I quoted. This is quite apart from any consideration for stock adjustments. It is purely and simply a straightout anticipation of the profit and loss trading account.

If we summarise the activities of this industry over the years, we finish up with a total loss of \$1,728,113 and a total profit of \$454,530. Therefore, for the whole period, without stock adjustments, there was a very substantial loss of \$1,283,583.

The Hon. R. F. Hutchison: Strange how eager other people are to get it!

The Hon. A. F. GRIFFITH: Are they? Of course the honourable member must be in possession of so many facts we do not have. We have not been able to find anyone eager to get it. Who would be eager to take over an operation of this nature, with its continuing losses and its burden of debt?

The Hon. R. F. Hutchison: We are not all dumb, you know!

The Hon. A. F. GRIFFITH: Not all of us! The question of valuation is a difficult one with which to deal. An article is worth what can be obtained for it. It would be a simple example to say that if a lavish hotel were erected in the middle of the Nullabor it would not be worth nearly as much as if it were erected in the middle of Perth. However, it is a truism to say an industry is worth what can be obtained for it; and so the Wundowie industry is worth what can be obtained for it.

The valuation of a business can be assessed in several ways. Let us take it as a going concern. Mrs. Hutchison says that there are plenty of people eager to get it. Would you, Mr. President, and I be eager to take over something which showed constant losses?

The Hon. R. F. Hutchison: If we had enough to do with it we would!

The Hon. A. F. GRIFFITH: As has been truthfully said, we are not fools. We would not want to invest our capital in something making a constant loss, without any chance of making a profit; and that is the first basis on which we should consider this sort of proposition.

Therefore, I think it is purely and simply a question of the people who are prepared to enter into a business of this nature saying, "What is the state of it; what is it able to do; what sort of investment can it return on the capital?" Then they say to themselves, "If we take it over, there are certain things which, of necessity, we have to be able to do."

The Government has entered into this on a two-phase basis. One is that for 10 years the company will be under the man-

agement of this board. At the end of that time, the option to purchase can be exercised by the managing company.

I have been asked why the figure of \$100,000 was set. Perhaps I should get this into correct perspective and say that I have been asked to compare the purchase price with the fact that the option of purchase cannot be exercised until the No. 1 account is at a figure of not less than \$100,000. I would like to make a few comments in this regard. The position is that at the time the company decides that it wants to exercise the option, it would be reasonable to assume that the industry would be doing fairly well. The company would not want to exercise its option if the concern had not improved very much from the position it is in today.

The company will have been making loans to the industry, which loans will be used to provide the funds to pay out the Government. This will be on a phasing-out process. As I have said, presumably the industry and the foundry will be doing fairly well and, if the company decides to exercise the option, it therefore suits the Government to remain in this industry for as long as it can during the phasing-out period; hence the need to reduce this No. 1 account to a figure which has been assessed at \$100,000 before the final exercise of the option becomes effective.

Both the Government and the company can benefit from the phasing-out operation. This could be for either a short or a long-term period and, in practice, would be determined by mutual agreement between the company and the Government, at the convenience of both parties.

I would like to refer to clause 41 which seems to cause some apprehension in the minds of some members. I think Mr. Watson made a very timely interjection last night when he said that the parties to an agreement can arrange what they like. Indeed, they can. The parties to this agreement must be given some variation power in order to live in the circumstances. If one takes into consideration the exigencies that may occur at the time, some variation clause of a fairly wide nature must be expected.

Last night Mr. Baxter posed a number of questions to me. I will try to give him as much information as I can. First of all, he said he did not know where the area of 460 acres of land referred to was situated. I think this reference is on page 16 of the agreement at clause 14 (c) (i), and I quote—

subject to the Land Act and the Steel Act land at Wundowle dedicated for the purposes of the latter Act and having an area of approximately 460 acres.

This is the area of land upon which the industry is based; that is, the plant, the buildings, in fact the whole box and dice.

The Hon. N. E. Baxter: Is it taking the town site area, too?

The Hon. A. F. GRIFFITH: I am not quite sure of that. The town site area would be where the houses are located. As I say, I am not sure but I would suspect that may not be the case because the Housing Commission built and owns the houses.

This brings me to one of the other points in relation to houses, which was raised by the honourable member. He questioned me as to how these houses would be built, and also upon the point that, if the house was built by the Housing Commission, and notice of the completion of the house had been given to the company, then, if the company did not occupy it for seven days, the company had to pay the rent to the Housing Commission.

The Hon. N. E. Baxter: I asked no question on that.

The Hon. C. E. Griffiths: I did.

The Hon. A. F. GRIFFITH: I thank you very much. Mr. Griffiths posed this question to me privately after the House rose last night. The position in relation to this—and it does bear explanation—is simply that the Housing Commission at the moment is the constructing authority for the houses. The additional houses that will be built by the board will be built out of monies obtained under its borrowing authority, which, as I have said, is rather limited. This money will be used for the purpose of constructing the houses. The commission is likely to be the constructing authority.

It is not desired that the new houses which will be built under the agreement should be treated any differently from the houses which are already there. Therefore, if one is vacant and not filled within seven days after completion, the company has to pay the rent to the Housing Commission, because the latter will run a special account at the Housing Commission for this purpose. There is nothing untoward about such an arrangement. It is purely to ensure that the accounts of the Housing Commission are kept in a proper condition.

The Hon. C. E. Griffiths: I went one step further to say that the clause shows that, if the company notifies the Housing Commission within seven days, the company does not pay any rent.

The Hon. A. F. GRIFFITH: I am just trying to find that appropriate clause. Rather than hold the matter up now, I will look further into this for the honourable member and tell him at a later point.

Incidentally, in relation to Mr. Baxter's question on the 460 acres, I would mention that the company cannot buy this separately—it must be an integral part of the whole deal.

I would like to make a comment upon the point which Mr. Baxter raised when

he was talking on the borrowing power. The borrowing power of an instrumentality authorised to borrow is restricted to \$200,000 per year. Mr. Baxter wondered where we were going with this sort of thing and he thought that it must reach a limit one of these days.

The position in relation to all borrowings is plainly and simply that they are made and completed according to the market at the time, and the availability of money makes loans available in fluctuating periods. One month it may be more readily available than it is in another month. In any case, it is a question of how much money is available on the money market at the time one wants to borrow. Furthermore, the amount that is borrowed is amortised over a period of years according to the arrangement made between the borrower and the lender, and this amount of money includes the rate of interest. I do not think the honourable member need fear this borrowing power that Parliament gives to instrumentalities of this nature will ever reach a danger point. It would not reach a danger point, because if one takes into consideration the authority that Parliament gives to such organisations, and puts them together; collectively, in relation to the whole, they would represent a very, very small percentage of the money market that is available for finance of this kind.

To some extent, the matters upon which I intended to touch in the course of this reply, and particularly those relating to the financial side of matters, have been dealt with. The latter has been dealt with extensively by Mr. Dolan who took us through that period of years when the industry showed a considerable loss, and also those years when the industry showed a profit. I do not think any good purpose would be served by my going over this again.

All I can say to members is this: I think the spirit of the agreement should be accepted. I have said this previously, If this Bill did not pass—if the House decided that the Bill should not pass—what would be the result?

The Hon. H. K. Watson: Curtains for Wundowie.

The Hon. A. F. GRIFFITH: That is right; and I do not think this should be forgotten. I do not think any other point of view should cloud the Government's intention to try to keep this industry going on a better basis than it has at the present time.

The Hon. R. F. Hutchison: It is camouflage.

The Hon. A. F. GRIFFITH: It is not camouflage at all. This is a nonsensical interjection. Do you know, Mrs. Hutchison, that the only time this concern made a profit was during the years of a non-Labor Government? Of course, this is

of no material importance, but I just mention it in the course of my remarks.

It is not a question of camouflage at all; it is a question of the Government wanting to be relieved of the position of continuously—year after year after year—having to feed this State-owned industry out of loan funds when this State wants the money for so many other things which count so much. We urgently need schools, hospitals, roads, houses, and the rest.

The Hon. R. F. Hutchison: That is just camouflage.

The Hon. A. F. GRIFFITH: What a silly interjection!

The Hon. R. F. Hutchison: And you know it.

The PRESIDENT: Order!

The Hon. A. F. GRIFFITH: With due respect, in my opinion that is a silly interjection to keep on making.

The Hon. R. F. Hutchison: I will keep on making it all the time.

The Hon. A. F. GRIFFITH: Of that I have no doubt. I have said all I wish to say about the Bill and the agreement. There may be some questions which I have not been able to answer—I am quite sure there are. In this regard, I would crave the indulgence of the House and say it is my purpose to have a vote taken on the second reading of the Bill now, but not to go into Committee this afternoon.

Furthermore, I want to say that it has been the practice of this House, for as long as I can remember, and certainly all the time that I have been in Parliament, for a Minister to introduce a Bill on one day, for someone to take the adjournment of it and deal with it the next day. However, if a Bill is of such magnitude and importance that the person who has taken the adjournment feels that he cannot deal with it the next day, then it is not at all infrequent for the member concerned to ask the Minister who has introduced the Bill whether he will agree to an adjournment for some day further on than the next day.

The Hon. J. Dolan: That is a good principle.

The Hon. A. F. GRIFFITH: It is a principle which has been accepted here for a long time. If the discussion becomes highly political, and the Government of the day thinks the Opposition is stalling, and there should be an end to things, then, of course, the discussion is brought to a halt. This has certainly been the case in previous years. I have practised it, and the Ministers before me have practised it. If an adjournment of more than one day were required, in this case, I would have readily agreed to it; not forgetting that the debate has already been adjourned twice since Tuesday.

I merely mention that, because I do not want to give the House the impression that the Ministers in these three seats are anxious to put Bills through in a hurry. We are anxious that time should be given for due consideration. I propose to leave the matter at that point; and over the weekend I will go through the speeches that have been made and try to answer the points and questions that have been raised.

It is a difficult agreement. It is one that I cannot readily interpret; nor can I answer in detail the questions that have been asked by members in connection with it. If the matter can be left on this basis I will pursue, to the best extent possible, the further questions that have been asked and try to find the necessary answers.

Question put and passed.

Bill read a second time.

House adjourned at 4.48 p.m.

## Legislative Assembly

Thursday, the 8th September, 1966

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### ADDRESS-IN-REPLY

#### Acknowledgment of Presentation to Governor

**THE SPEAKER:** I desire to announce that, accompanied by the member for Narrogin and the member for Canning, I waited upon His Excellency the Governor and presented the Address-in-Reply to His Excellency's Speech at the opening of Parliament. His Excellency has been pleased to reply in the following terms:—

Mr. Speaker and members of the Legislative Assembly: I thank you for your expressions of loyalty to Her Most Gracious Majesty the Queen and for your Address-in-Reply to the Speech with which I opened Parliament.

### QUESTIONS (12): ON NOTICE

#### LOCAL AUTHORITIES

##### Road Funds: Allocation of Portion for Administrative Costs

1. Mr. RUSHTON asked the Minister representing the Minister for Local Government:

Will he take the necessary action to allow local authorities to allocate an applicable portion of administrative costs incurred in the construction and maintenance of roads and associated works against moneys provided specifically for road and associated works?

Mr. NALDER replied:

Where a full time engineer or engineers are employed the engineering salaries and administration are already allowed to be charged against these works; and, in the case of local authorities with a shire clerk engineer, an appropriate proportion of his salary is capable of being allocated. It is not intended to amend the local Government accounting directions to provide for administrative costs to be allocated.

#### MEAT

##### Human Consumption: Regulations Covering Pregnant Animals.

2. Mr. GRAHAM asked the Minister representing the Minister for Health:
  - (1) Are there any provisions in health, food hygiene, or other regulations covering the sale and distribution of meat for human consumption from animals which are pregnant?
  - (2) If so, what are they?
  - (3) If not, does he agree that meat should be offered for consumption by the public when from carcasses of animals which have almost completed the gestation period?
  - (4) Does he contemplate taking any steps to ensure that there is some control of the matter; if so, what?

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