The effect of this arrangement is that the Commonwealth Government contributes from its own resources, by way of loans, to help finance the Loan Council programmes of the States.

Unfortunately, a similar arrangement does not exist with borrowings by semi-government and local authorities. Although the Loan Council approves an aggregate annual borrowing programme for semi-government and local authorities raising more than $500 000 in a financial year, the Commonwealth does not raise loans on their behalf. This is the responsibility of the authorities concerned.

As mentioned by the Treasurer when introducing the Loan Estimates, there must be reservations about the prospects of our semi-governmental bodies raising their full quota of loans in 1974-75 and, in order to cushion a possible shortfall, we decided to hold $8 million of this year's General Loan Fund allocation in reserve in case it becomes necessary to supplement their borrowings. We can but hope that it will not be necessary to use these funds for that purpose. The extent to which they are not so used will enable a release of money for other capital works.

Discussions have taken place and are to continue between Commonwealth and State Treasury officers on steps which should be taken to increase the present low level of subscriptions to semi-government and local authority loans. We are hopeful that ways will be found to increase the present meagre flow of funds to these bodies.

The Bill also makes provision for the repayment of loans raised under the authority of this Bill, together with interest thereon, to be met from the Consolidated Revenue Fund.

Commitments on this account have been mounting over the years and in 1973-74 reached a total of $69.2 million. The payout in this financial year is expected to be $76.6 million. Although some of this outlay is recovered from authorities in the position to meet the debt charges on the advances made to them from the General Loan Fund, there is a substantial net cost to the Revenue Fund in servicing loans raised by the State. This cost is accelerating, because of the explosion in interest rates since July, 1973, which has lifted them to unprecedented heights.

There have been recent cuts in the yields on Treasury notes which may lead to a downward movement in interest rates at the short end of the bond market, but this move appears to be aimed at making private sector securities more attractive to investors, and it may not have any significant effect on interest rates generally.

Notwithstanding the present high cost of borrowings, the Government must proceed with its works programme, and I therefore commend the Bill to the House.

Debate adjourned, on motion by the Hon. R. Thompson (Leader of the Opposition).

ADJOURNMENT OF THE HOUSE: SPECIAL

THE HON. N. McNEILL (Lower West—Minister for Justice) [2.29 a.m.]: I move—

That the House at its rising adjourn until 2.30 p.m. today (Wednesday).

Question put and passed.

House adjourned at 2.30 a.m. (Wednesday).

Legislative Assembly

Tuesday, the 26th November, 1974

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

SKELETON WEED (ERADICATION FUND) BILL

Display of Model

THE SPEAKER (Mr Hutchinson): For the information of members, I advise that the Minister for Agriculture has requested permission to display in the Chamber a model of skeleton weed prior to and during the debate on Order of the Day No. 5. I have granted permission and the model is displayed in the corner of the Chamber behind the Speaker's Chair.

BILLS (7): ASSENT

Message from the Lieutenant-Governor and Administrator received and read notifying assent to the following Bills—

1. Superannuation and Family Benefits Act Amendment Bill.
2. Rights in Water and Irrigation Act Amendment Bill.
3. Lake Lefroy Salt Industry Agreement Act Amendment Bill.
4. Dampier Solar Salt Industry Agreement Act Amendment Bill.
5. Factories and Shops Act Amendment Bill.
6. Rural and Industries Bank Act Amendment Bill.
7. Money Lenders Act Amendment Bill.

BILLS (2): INTRODUCTION AND FIRST READING

1. Beef Industry Committee Bill.

   Bill introduced, on motion by Mr McPharlin (Minister for Agriculture), and read a first time.

2. Nickel (Agnew) Agreement Bill.

   Bill introduced, on motion by Mr Mensaros (Minister for Industrial Development), and read a first time.

QUESTIONS (33): ON NOTICE

1. SCHOOLS

Cockburn Electorate: Demountable Classrooms

Mr TAYLOR, to the Minister representing the Minister for Education:

(a) How many demountables are presently in use; and

(b) how many demountables is it anticipated will be required at the commencement of the 1975 school year,

at the following primary schools—

North Parmelia;
Orelia;
South Coogee;
Spearwood;
Southwell?

Mr MENSAROS replied:

	In use 1974	In use 1975
North Parmelia	Nil	
Orelia	Nil	
South Coogee	1	
Spearwood	2 migrant)	2(migrant) 1(general)
Southwell	Nil	Further investigation necessary before accommodation schedules can be determined.

2. JUMBO STEELWORKS

Local Authorities: Approaches on Establishment

Mr A. R. TONKIN, to the Minister for Industrial Development:

(1) Were the Kwinana and Rockingham Shire Councils, when asked as to their attitudes to the possible location of the jumbo steelworks in their districts, advised of specific details of area required, quantity and nature of raw materials, quantity and nature of waste, the size of the work force, probable masculinity rate of the work force, size of population, and so on?

(2) Was it made clear to these authorities that Cockburn Sound was not necessarily the only area under consideration as a site?

(3) Have similar approaches been made to the Shire Councils of Gingin and Wanneroo?

Mr MENSAROS replied:

(1) The councils are well aware of the general size and scope of the project. Specific details are not yet known as the studies are not yet sufficiently advanced to define the requirements.

(2) The authorities are well aware as is everyone else that the consortium is studying a number of sites in the State and that Cockburn Sound is not the only area.

(3) No specific approaches have been made as yet.

3. ELECTRICITY SUPPLIES

Consumption and Generating Capacity, 1961 to 1971

Mr A. R. TONKIN, to the Minister for Electricity:

(1) What was the population served by the SEC in its metropolitan region as described in the answer to question 47 of 20th August, 1974, as at—

30th June, 1961;
30th June, 1966;
30th June, 1971?

(2) What was the quantity of electricity consumed in the SEC's metropolitan region for the years ended—

30th June, 1961;
30th June, 1966;
30th June, 1971?

(3) What was the generating capacity of each of the SEC's power stations in its south-west grid as at—

30th June, 1961;
30th June, 1966;
30th June, 1971?

Mr MENSAROS replied:

(1) The SEC does not have details of the population served but in the metropolitan region master consumers supplied totalled—

30/6/61—138 064
30/6/66—161 227
30/6/71—200 263

(2)—

30/6/61	574 763 956 kWh sold
30/6/66	938 073 999 kWh sold
30/6/71	1 696 039 984 kWh sold

(3)—

		kW
30/6/61	East Perth	55 000
	South Fremantle	100 000
	Bunbury	90 000
	Collie	12 500
	Wellington Dam	2 000
30/6/66	East Perth	55 000
	South Fremantle	100 000
	Bunbury	120 000
	Collie	12 500
	Wellington Dam	2 000
	Muja	60 000
30/6/71	East Perth	55 000
	South Fremantle	100 000
	Bunbury	120 000
	Collie	12 500
	Wellington Dam	2 000
	Muja	240 000
	Kwinana	120 000

4. HEALTH

Sanitary Landfill

Mr A. R. TONKIN, to the Minister representing the Minister for Health:

(1) Approximately how many tonnes of solid waste was collected and disposed of by local authorities within the Perth metropolitan region during the years 1960-61, 1965-66 and 1970-71?

(2) In each of the above years how much sanitary landfill was used?

(3) How much space is still reasonably available for solid waste disposal by the sanitary landfill method on the coastal plain within the Perth metropolitan region?

Mr RIDGE replied:

(1) (a) 1960-61—approx. 40 000 tonnes
(b) 1965-66—approx. 60 000 tonnes
(c) 1970-71—approx. 145 000 tonnes.

(2) (a) 1960-61—approx. 16 hectares
(b) 1965-66—approx. 20 hectares
(c) 1970-71—approx. 30 hectares.

(3) 1 659 hectares.

5. JUMBO STEELWORKS

Pilbara: Water Requirements

Mr A. R. TONKIN, to the Minister for Industrial Development:

Further to question 46 on 20th August, 1974 regarding the water requirement of a jumbo steelworks in the Pilbara, does the figure of 120 000 cubic metres per day include the consumption by the large total population that the jumbo steelworks would support?

Mr MENSAROS replied:

No. The study is refining the estimates of potable water required in the light of most modern steel plant technology and economically feasible supply of water to the alternative locations. Current advice suggests a requirement of about 90 000 cubic metres per day for plant use, and a similar quantity for associated urban development. The figures are still not firm and actual needs will be defined when the study proceeds to a further stage.

6. JUMBO STEELWORKS

Site, Work Force, and Water Requirement

Mr A. R. TONKIN, to the Minister for Industrial Development:

(1) (a) Has an interdepartmental committee been established to consider proposals for the BHP jumbo steelworks;
(b) if so, could details be supplied?

(2) Which general localities in the State are being studied by the BHP consortium for the location of the proposed jumbo steelworks site?

(3) What size construction force is envisaged will be required for this project if it goes ahead?

(4) What is the estimated daily potable water requirement for the proposed jumbo steelworks?

Mr MENSAROS replied:

(1) (a) Yes.
(b) A State task force has been convened under the Chairmanship of the Co-ordinator, Department of Industrial Development. The following is the present representation on the task force—
Public Works Department
Town Planning Department
Department of Environmental Protection
Main Roads Department
Metropolitan Water Supply, Sewerage and Drainage Board
Fuel and Power Commission
Director-General of Transport's Office
Fremantle Port Authority
State Electricity Commission
Western Australian Government Railways.

(2) The BHP consortium have considered a number of sites throughout the State since 1971 when they first commenced investigations. The present study is currently examining alternative localities in the Pilbara and southern part of the State to establish relative feasibility of Pilbara and nearer metropolitan locations.

(3) Between 4 000 and 6 000 depending on the construction time scale.

(4) Approximately 90 000 cubic metres per day.

7. *This question was postponed.*

8. INDUSTRIAL DEVELOPMENT

Steel Production: Raw Materials

Mr A. R. TONKIN, to the Minister for Industrial Development:

(1) For the production of 10.7 million tonnes of steel, what quantities of the following raw materials are required—
(a) high grade iron ore (e.g., 69% Fe);
(b) washed coking coal;
(c) limestone flux?

(2) What volume of slag and refuse would result from the use of the above materials?

Mr MENSAROS replied:

(1) (a) 17 000 000 tonnes per annum of average blast furnace grade iron ore. (It would be most unusual for 69% Fe ore to be used).

(b) 7 500 000 tonnes per annum of coal.

(c) 4 500 000 tonnes per annum of limestone.

(2) Approximately 4 000 000 tonnes per annum.

9. JUMBO STEELWORKS

Water and Power Requirements

Mr A. R. TONKIN, to the Minister for Conservation and Environment:

Referring to page 16 of the EPA's 1973 annual report—

(a) does the figure of 159 000 m^3 per day include the anticipated daily water consumption of the 75-100 000 population given;

(b) what proportion of the total water requirement was necessarily of potable quality;

(c) what is the explanation for the variance in power requirement for the BHP jumbo steelworks (535 mW) compared with that stated for a similar works of comparable size under "The Pilbara: A Development Concept" (250 mW) ;

(d) what sized area of land was involved in the proposed jumbo steelworks?

Mr STEPHENS replied:

(a) Yes. Current estimates are that about 90 000 m^3 per day will be required for plant use and a similar quantity for domestic purposes.

(b) Currently the total water requirement is based on potable water but in the ultimate design some use of reclaimed water may be possible.

(c) The power requirements of the plant are of the order of 500 mW but a proportion of the power is generated within the plant from internally produced fuels. Ultimate power requirements will depend on the finally selected process routes and it is likely that a surplus energy situation will exist.

(d) Depending on the capacity up to 1 000 hectares.

10. DEMOGRAPHIC AND ENVIRONMENTAL RESOURCES COMMITTEE

Financial Allocation

Mr A. R. TONKIN, to the Minister for Conservation and Environment:

In regard to tabled paper No. 188, as it would seem that preliminary results on the Kwinana industrial complex research project by DERC have an important bearing on the implications of the several urban developments in progress—such as the success of the MRPA's corridor plan and the social implications of BHP's proposed jumbo steelworks—what decision has been made in regard to the proposed 1974-75 Budget for the committee, as outlined in the document?

Mr STEPHENS replied:

Due to budgeting restrictions, no Budget allocation has been made for this project in this financial year. However, it is intended to make available $2 500 from the Department of Environmental Protection's funds to complete the first phase of the project.

Also further discussions with the Treasury are proposed to see if funds can be made available ahead of the 1975-76 Budget Estimates.

11. WATER SUPPLIES

South Dandalup Reservoir

Mr A. R. TONKIN, to the Minister for Water Supplies:

(1) Referring to page 6 of the booklet "Future Water Resources", published in February 1974 by the Metropolitan Water Board, would he supply details of the plant referred to as requiring as much as half the total yield of the South Dandalup Reservoir?

(2) What is the total yield of the South Dandalup Reservoir referred to?

Mr O'NEIL replied:

(1) This was a general comment being a fairly normal requirement for a chemical industry.

(2) 75 megalitres per day.

12. LAND

Wesbeef Holdings Pty. Ltd.

Mr A. R. TONKIN, to the Minister for Lands:

(1) Further to page 28 of the Environmental Protection Authority's 1973 annual report, has Wesbeef Holdings Pty. Ltd. made further approaches to the State Government for land in the south coast region?

(2) If so, what area of land is being sought?

(3) Has any proposal been agreed to in respect of the release of public land for this company's benefit?

Mr RIDGE replied:

(1) Wesbeef Holdings Pty. Ltd. submitted further proposals on the 14th March, 1973 and the 29th April, 1974.

(2) The areas sought in the first of the two approaches comprised 6 500 hectares near the Kent River, 8 000 hectares near Mt. Chudalup and 16 000 hectares on the Pingerup Plains. In the second approach, the areas sought comprised 6 425 hectares near the Kent River, 11 684 hectares near Mt. Chudalup and 21 000 hectares on the Pingerup Plains.

(3) No, but it is expected that a decision will be reached in the near future.

13. WILDERNESS RESERVE

Walpole-Cape Beaufort

Mr A. R. TONKIN, to the Minister for Forests:

Has the Conservator of Forests endorsed the private proposal that a wilderness reserve be established on the south coast between Walpole and Cape Beaufort?

Mr RIDGE replied:

The question is not specific enough as to actual area or the nature of the proposal to allow me to provide a concise answer.

The Conservator of Forests has endorsed and passed on to other appropriate authorities a proposal which recommended the establishment of an extensive reservation between Walpole and Cape Beaufort as a National Park.

The basis of this proposal was prepared privately by officers of the Forests Department which accepted the responsibility for reproduction and dissemination of the report.

14. WILDERNESS RESERVE

Walpole-Cape Beaufort

Mr A. R. TONKIN, to the Minister for Fisheries and Fauna:

Has the WA Wildlife Authority endorsed the private proposal that a wilderness reserve be established on the south coast between Walpole and Cape Beaufort?

Mr STEPHENS replied:

The WA Wildlife Authority at its meeting on 16th April, 1973, endorsed a proposal that a national park be established on the south coast between Walpole and Cape Beaufort. The following points were taken into account by the Authority—

(a) The present utilisation of the area such as duck shooting areas should be maintained.

(b) The management of waterways, inlets and estuaries in a fisheries sense should be the responsibility of the Department of Fisheries and Fauna.

(c) The Department of Fisheries and Fauna was consulted and was in concurrence with the establishment of wilderness areas within the broad spectrum.

15. WATER SUPPLIES

Rivers: Salt Content

Mr A. R. TONKIN, to the Minister for Water Supplies:

(1) Further to question 5 of the 30th July, 1974, could he table the respective salt content readings for the same periods for each of the following rivers—Shannon, Deep and Kent?

(2) Of what importance is the Kent River catchment area in regard to future possible water supply?

Mr O'NEIL replied:

(1) The information on salt content readings of the Shannon, Deep and Kent Rivers requested by the Member is contained in the statements which, with permission, I hereby table.

(2) The Kent River catchment yields a significant volume of water and it can be expected that, in the long term, this resource will be utilised.

The statements were tabled (see paper No. 386).

16. WELLINGTON DAM CATCHMENT

Crown Land

Mr A. R. TONKIN, to the Minister for Water Supplies:

(1) What is the approximate area of Crown land within the Wellington Dam catchment area?

(2) (a) Has any of this land been examined for its forest-production potential;

(b) about how much has been refused by the Forests Department?

(3) Has the Department of Fisheries and Fauna been advised in regard to the existence of this Crown land?

Mr O'NEIL replied:

(1) Approximate area of Crown land in Wellington Dam catchment is 335 square kilometres.

(2) (a) Yes.

(b) No record of refusal can be found.

(3) Not specifically, but the Department of Fisheries and Fauna is aware that Crown land comprises part of the catchment area.

17. STATE FORESTS

Policy on Pine Planting, Flora, and Fauna

Mr A. R. TONKIN, to the Minister for Forests:

In regard to State Forest Nos. 32, 33 and 63 (Donnybrook Sunkland), what is the Forests Department policy in regard to—

(a) pine planting;

(b) management and conservation of its native flora and fauna?

Mr RIDGE replied:

(a) Extensive trials, surveys and research works are being carried out by the department to assess the potential for pine planting of the various site types in the Donnybrook Sunklands.

(b) The management and conservation policy for native flora and fauna is as for the remainder of State forest elsewhere in the south-west. Concurrently with the surveys mentioned in (a), however, assessments are being undertaken to determine whether there are any particular areas in the Sunklands in which management for these objectives should assume higher priority.

18. LAND

Reserve: Scott River

Mr A. R. TONKIN, to the Minister for Lands:

(1) What is the total area and current status of the following Sussex locations (Scott River)—2976, 2981, 2982, 2983, 2984, and 2985?

(2) Has the Department of Lands and Surveys received any submissions for the reservation of this area within the past ten years?

(3) If so, who made such submissions and what was the suggested purpose of the proposed reserve?

(4) (a) Were any of these submissions rejected;

(b) if so, for what reasons?

Mr RIDGE replied:

(1) Sussex location 2976 contains 42.494 5 hectares. Sussex locations 2981 to 2985 inclusive have now been re-surveyed to comprise Sussex location 4479 and contains an area of 429.667 4 hectares. Both areas are vacant Crown land.

(2) Yes.

(3) Submission received from WA Naturalists Club in April, 1969 for reservation for the Conservation of Flora and Fauna.

(4) (a) Yes.

(b) As considerable areas of reserves already existed in the vicinity, it was considered this land should be retained for agricultural purposes.

19. *This question was withdrawn.*

20. TOWN PLANNING

Jumbo Steelworks: Reports

Mr A. R. TONKIN, to the Minister for Urban Development and Town Planning:

(1) Referring to his answer to question 41 of 20th August, 1974: in view of the several social disadvantages raised by DERC in regard to large industrial complexes (tabled paper No. 188), and the fact that there are many citizens interested in the possible benefits and implications of establishing a jumbo steelworks in this State—especially near Perth—will he reconsider his decision?

(2) If the answer is in the negative, why has he changed his mind about desirability for open government?

Mr RUSHTON replied:

(1) No.

(2) There has been no change of mind. The reports are part of the material that will be assessed in consideration of the feasibility of establishing a jumbo steelworks in Western Australia, and it would be premature to consider one aspect only.

21. NOISE ABATEMENT ACT

Pile Driving: Exemption

Mr DAVIES, to the Minister representing the Minister for Health:

For what reason did he issue an order exempting from the provisions of the Noise Abatement Act operations relating to the driving and extracting of sheet piling, trench sheeting and bearing piles?

Mr RIDGE replied:

A temporary order exempting the driving and extracting of sheet piling, trench sheeting and bearing piles from the provisions of

the Noise Abatement Act was made on the advice of the Noise and Vibration Control Council.

The Council is considering specific regulations to reduce noise nuisance from this type of operation.

22. TRAINEE TEACHERS

Travelling Allowances

Mr BATEMAN, to the Minister representing the Minister for Education:

In view of the fact the student teachers' travelling allowance is now stabilised at $30 a term, brought about because of the flat rate of 30 cents now being charged by the MTT bus service—

(a) has he taken into account the serious disadvantage placed on students who still have to provide their own transport because no public transport is available to coincide with college starting times;

(b) if "Yes" what action should the trainee students take to apply for additional travelling allowance to cover their added cost of travelling;

(c) If "No" what are his reasons for refusing to grant an extra travelling allowance to those students so seriously disadvantaged?

Mr MENSAROS replied:

It is the department's policy to pay travelling costs in excess of 20c per day for students travelling for essential purposes relating to their training. If this policy has not been applied in a specific case the details should be notified to the Director-General.

23. EDUCATION POLICIES

Confirmation by Country Party

Mr T. D. EVANS, to the Deputy Premier:

(1) Would he, as Leader of his Party, confirm the two previous replies given me by the Minister representing the Minister for Education that the education policies announced by the Liberal Party prior to the 30th March General Election have been determined as the policies of the Government collectively?

(2) If the answer is one of confirmation, on what date was this determination made by the Government?

Mr McPHARLIN replied:

(1) and (2) The basic principles of the education policies of both parties are compatible, as was agreed when the Coalition was formed prior to taking office on 8th April, 1974.

Any matters of detail were not, and still are not, considered irreconcilable.

24. EDUCATION POLICIES

Acceptance by Government

Mr T. D. EVANS, to the Premier:

On what date did the Government determine that the education policies announced by the Liberal Party immediately prior to the last general election, would become the policies of the Government collectively?

Sir CHARLES COURT replied:

The Member will understand that when a coalition government is being formed there is, of necessity, a series of discussions about the basis on which the coalition comes into being, bearing in mind that both parties are aware in considerable detail of the platform and policies of the respective parties and the basis on which the parties went to the electors.

When the coalition is announced this, in itself, is the culmination of those talks and is a clear indication to the public that there are no matters where there are irreconcilable differences of policy between the parties making up the coalition.

25. CO-OPERATIVE BULK HANDLING LTD.

Revenue and Expenditure

Mr H. D. EVANS, to the Minister for Agriculture:

(1) Does he know what has been the total expenditure of Co-operative Bulk Handling Ltd. in each of the past five years and, if so, would he provide the figures?

(2) Can he say what amount of expenditure was used for—

(a) port installations;

(b) other facilities,

in each of those years?

(3) Can he provide information showing the total revenue of CBH in each of the past five years, and from what sources was it derived in each year?

Mr McPHARLIN replied:

Co-operative Bulk Handling Limited has advised as follows:

(1) and (2) Capital expenditure

Year	Port Installations $	Other facilities $	Tota $
1969	7 531 817	3 933 996	11 465 813
1970	1 748 369	505 583	2 253 952
1971	236 781	3 973 206	4 209 987
1972	1 344 380	7 193 913	8 538 293
1973	8 685 145	11 551 913	20 237 058

(3) Revenue

Year	Grain handling $	Investments $	Subsidiary companies $	Total $
1969	10 710 518	3 304	7 448	10 721 270
1970	11 758 724	1 080	918	11 760 722
1971	15 845 684	22 440	2 061	15 870 185
1972	18 406 484	392 463	3 351	18 802 248
1973	15 868 313	1 617 248	2 851	17 488 412

26. VENEREAL DISEASE

High Schools: Incidence

Mr DAVIES, to the Minister representing the Minister for Health:

(1) Did he hear a news report alleging that as many as 10% of high school students will contact venereal disease this year?

(2) Does he agree that if correct this is cause for alarm?

(3) How many health education officers are available to deal with this problem?

(4) What are their names?

(5) Does he consider the number adequate?

(6) What action is being taken to increase the number?

Mr RIDGE replied:

(1) Yes.

(2) Yes, but this is not correct, because the 10% referred to covers estimated contraction by persons between the ages of 15 to 24 inclusive, therefore the situation is not so alarming as it would appear.

(3) One.

(4) Mr Colm O'Doherty.

(5) No.

(6) Three new positions are under consideration.

27. HEALTH

Hospitals and Health Services Commission: Grants

Mr DAVIES, to the Minister representing the Minister for Health:

(1) Apart from research relating to the clinical epidemiology unit and community health information and statistics project, has application been made to the Australian Government (Hospitals and Health Services Commission) for grants for any further programme(s)?

(2) If so, can he give details and advise result?

Mr RIDGE replied:

(1) and (2) No other applications for research grants have been made.

28. HEALTH

Arteriosclerosis: Treatment

Mr DAVIES, to the Minister representing the Minister for Health:

Further to question 15 of 17th October, 1974 regarding the Dr Moeller treatment for arteriosclerosis, can he advise what further progress has been made?

Mr RIDGE replied:

The format of the controlled clinical trial to be carried out using suitable patients on the machine acquired by the Government from Dr Moeller is almost finalised and will be submitted shortly to the relevant University and hospital authorities for their approval.

29. TOWN PLANNING

Forrest Place

Mr DAVIES, to the Minister for Urban Development and Town Planning:

(1) What steps are necessary before a design for the Forrest Place area becomes final?

(2) What steps are proposed to allow "public participation" in deciding on the final design?

Mr RUSHTON replied:

(1) (a) Presentation of a report by the consultant to the Perth Central Area Design Co-ordinating Committee.

(b) Consultation with interested parties, including the Commonwealth Government, regarding detailed design work.

(c) Any statutory measures or legal steps necessary as a result of (a) and (b).

(2) The report of the consultant will be available to the public and it is anticipated that interested people and groups will be involved in the ensuing discussions.

30. MOTOR VEHICLES

Annual Inspection

Mr DAVIES, to the Minister for Traffic:

When is it anticipated legislation relating to annual inspection of motor vehicles will be brought into force?

Mr O'CONNOR replied:

The proposal for the introduction of annual inspection of motor vehicles will be examined by the traffic authority which will no doubt make a recommendation to the Government in due course.

31. INDUSTRIAL DEVELOPMENT

Wundowie Charcoal Iron and Steel Industry: Sale

Mr McIVER, to the Minister for Industrial Development:

(1) With regard to Wundowie Charcoal Iron Industry Sale Agreement Bill, 1974, what items listed in the supplementary schedule for item 21A have been purchased during the last three months?

(2) What items listed in the supplementary schedule for item 18E have been purchased during the last three months?

(3) What items on the fourth schedule Part A have been purchased during the last three months?

Mr MENSAROS replied:

(1) The following items have been purchased during the last three months—

one Dodge utility
one Holden station sedan
two Holden utilities
two Torana sedans
one Falcon sedan.

(2) None.

(3) One Mercedes Benz prime mover. Two International trucks.

All the items which have been purchased during the last three months are items purchased in the normal course of business to replace equipment which had reached the end of its useful life.

32. GOVERNMENT DEPARTMENTS

Public Relations Officers

Mr T. J. BURKE, to the Premier:

(1) How many public relations officers are employed by the State Government?

(2) How many are attached to each Minister?

(3) What is the total cost per annum of—

(a) salaries;

(b) establishment?

Sir CHARLES COURT replied:

(1) to (3) This information is being researched.

In view of the far-reaching nature of the information sought in the questions and the need to obtain details from all departments and Government instrumentalities, it will take some time to collate.

The Member will be advised in due course.

It may be the officers have misunderstood the question. If so, if the honourable member confers with me I might be able to expedite the answer for him.

33. ABATTOIRS

Slaughtering and Meat Inspection Fees

Mr SIBSON, to the Minister for Agriculture:

(1) What were the slaughtering fees at Government owned abattoirs for the years—

(a) 1969-70;

(b) 1970-71;

(c) 1971-72;

(d) 1972-73;

(e) 1973-74?

(2) What were the meat inspection fees for—

(a) cattle;

(b) calves;

(c) sheep;

(d) lambs;

(e) pigs,

for the years 1969-70 to 1973-74 respectively?

Mr McPHARLIN replied:

Mr Speaker, as the answer is statistical in nature, I request that it be tabled.

The answer was tabled (see paper No. 387).

QUESTIONS (7): WITHOUT NOTICE

1. CANNABIS

Use: Investigation

Mr BRYCE, to the Minister representing the Minister for Health:

(1) Is any research effort currently under way in Western Australia to investigate the use of cannabis?

(2) If so, will the Minister name the centres at which the research is being carried out?

(3) If not, has any approach been made by the State Government to the Australian Government following the report of the Senate Select Committee investigating drug trafficking and drug abuse for funds to sponsor such research?

Mr RIDGE replied:

The Minister for Health thanks the member for Ascot for notice of the question, and has supplied the following answer—

(1) No.

(2) Answered by (1).

(3) No, but the recently established Alcohol and Drug Authority will be considering this.

2. ETHIOPIAN FAMINE RELIEF

Distribution of Funds

Mr BATEMAN, to the Premier:

(1) Is the Premier aware of the work which has been undertaken by the Western Australian medical teams in Ethiopia from November, 1973, to the beginning of October, 1974?

(2) Is he also aware that the Ethiopian Government has expressed a wish that the work which the teams began in that country should continue?

(3) Could he secure from the Australian Government whatever information it has in this regard?

(4) As there appears to be a conflict of facts being given to the public —for example, the Ethiopian Government has given favourable reports of the work of the medical teams for their establishment of a clinic, maintaining an orphanage, and undertaking a very extensive programme of medical relief; whereas publicity given to a report from Freedom from Hunger and Austcare in this country has indicated that the work of the volunteer doctors and nurses has been a waste of time and money—could he clarify the situation for the benefit of those people who gave so generously in Western Australia to the fund for Ethiopian relief, which was launched in this State last year by Sir Thomas Wardle, the present Leader of the Opposition and the Premier himself?

(5) As well over $250 000 was contributed by Western Australians to a national fund for Ethiopian relief—and of that amount less than 6 per cent was given to this State's medical teams who went to the disaster area at the request of the Ethiopian authorities —could he obtain some assurance that, in future, the money the public donate to such relief campaigns will indeed go to those people for whom such appeals are launched?

(6) If no such assurance can be obtained, would he consider advising the public not to support any appeals made for overseas aid?

Sir CHARLES COURT replied:

I express appreciation for ample notice of the question. The reply is as follows—

(1) I have received reports from a number of quarters about the work of the Western Australian medical teams in Ethiopia. These reports would be classed as "unofficial". This is not meant to reflect on their sincerity or accuracy.

(2) I have no official advice, but I have been told unofficially that this is the position.

(3) I shall make the necessary approach to the Commonwealth Government.

(4) I shall see what information I can obtain from the Commonwealth Government and other sources.

(5) I shall be in a better position to answer this question after receiving the information referred to in the answers to previous questions.

(6) This position can only be considered and commented on when I have obtained the information I shall seek.

I further advise the honourable member that I have already sent off the necessary requests for the information.

3. HOSPITALS

Industrial Stoppage

Mr YOUNG, to the Minister representing the Minister for Health:

(1) Is it true that on the night of the 21st November picketing staff members of the Sunset Hospital, including the Hospital Employees' Union representative—

(a) intimidated two female nursing sisters entering the hospital for normal duties, necessitating a call for police protection;

(b) intimidated volunteers entering the hospital to assist in the comfort and nursing of patients incapable of caring for themselves;

(c) went about the wards of the hospital and attempted to intimidate staff and volunteers into ceasing the care of patients, some of whom are dying?

(2) What is the dispute which has caused the current strike action in which these pickets are involved?

(3) What percentage of increase in wages has been granted to members of the Hospital Employees' Union in the last 18 months?

(4) Will the Government ensure protection toward staff and volunteers who continue to care for the sick and dying in our hospitals?

Mr RIDGE replied:

I thank the honourable member for some notice of this question, the answer to which is as follows—

(1) (a) Yes.

(b) Yes.

(c) Yes, this was the impression of the staff concerned.

(2) Originally the union refused to accept the decision of the Industrial Commissioner who granted $14.40 a week increase to employees working under the provisions of the Hospital Workers' Award. Later it extended its demand to a retrospective payment of $10 a week for these workers, from the 1st June, 1974, to the first pay commencing on or after the 20th September, 1974, which is the effective date of the commissioner's decision.

(3) Since July, 1973, hospital workers on the base grade wage have been granted increases of—males, 54 per cent; females, 90 per cent.

(4) Action has been taken in the two or three instances in which pickets have interfered with voluntary workers and others to obtain the assistance of the police within existing laws. This has proved effective and will continue as long as necessary.

4. NATIONAL TRUST

Palace Hotel Contents

Mr BRYCE, to the Premier:

(1) Has Cabinet received a submission from the "Palace Guards" which was endorsed by the National Trust, requesting the State Government to purchase the contents of the Palace Hotel?

(2) If so, when was the submission received?

(3) Has the submission been considered by Cabinet? If so, what was the decision reached?

Sir CHARLES COURT replied:

In reply to the member for Ascot, who gave me some prior notice of his question, I have the following answer—

(1) Yes.

(2) Submission regarding contents was received by the Minister for Urban Development and Town Planning on the 1st November, 1974, and considered by Cabinet on the 18th November, 1974.

(3) Yes, and additional information is being sought.

On present indications there is not much prospect of the State Government buying any of the contents, but we are seeking further information.

5. ROCKINGHAM HIGH SCHOOL

Demountable Classrooms

Mr BARNETT, to the Minister representing the Minister for Education:

(1) Will the Minister give an assurance that the demountables to be placed at Rockingham High School will not affect its building priority?

(2) Will he assure me that the demountables will not be placed on the site of the proposed extensions?

(3) How many demountables are to be provided and what types will they be?

Mr MENSAROS replied:

The Minister for Education appreciates the notice given of this question and supplies the following reply—

(1) Yes.

(2) Yes.

(3) Eight additional demountables of the usual type are to be provided.

6. RAILWAYS

Perth-country Services: Passengers and Freight

Mr WATT, to the Minister for Transport:

(1) Would he advise the number of passengers carried during the years 1972-73 and 1973-74 on the following railway passenger services—

Perth-Albany-Perth

Perth-Bunbury-Perth

Perth-Geraldton-Perth

Perth-Kalgoorlie-Perth?

(2) How many services per week are conducted over each of the routes mentioned in (1)?

(3) Would he advise the profit or loss incurred in each of these services during the years ended the 30th June, 1973 and 1974?

(4) Would he also please advise whether revenue received from freight carried on any of the services referred to in (1) is taken into account in determining the profit or loss of that service?

(5) If the answer to (4) is "No", why not?

Mr O'CONNOR replied:

I thank the honourable member for some notice of this question, the answers to which are as follows—

(1)—

Sections	1972-73	1973-74
(1) Perth-Albany-Perth	19 239	20 132
(2) Perth-Bunbury-Perth	89 882	90 718
(3) Perth-Geraldton-Perth	6 355	6 402
(4) Perth-Kalgoorlie-Perth	66 034	71 818*

* Includes local passengers carried on interstate trains.

(2) Perth-Albany—4.

Albany-Perth—4.

Perth-Bunbury—12.

Bunbury-Perth—12.

Perth-Geraldton—1.

Geraldton-Perth—1.

Perth Terminal-Kalgoorlie—6.

Kalgoorlie-Perth Terminal—6.

Trans Australian and *Indian-Pacific* combined—3 each way per week.

Trans Australian—4 each way per week.

(These latter two services also carry local passengers.)

(3) to (5) Separate profit and loss statements for individual passenger services are not recorded.

Where the Railways Department wants to determine whether it is profitable or not to continue running passenger trains it has to undertake separate economic exercises. It segregates the passenger and freight proportions where these form joint costs and, using what is commonly called the "incremental" approach, can determine the avoidable costs and revenue losses for each service.

A study of these lines was carried out in 1972 and based on the then level of costs and revenue, and without taking into account the annual costs of future capital expenditure, the forecast annual losses on an incremental basis of operations of country passenger services on the present pattern were as follows—

Service	Annual Loss
	$
Perth-Geraldton-Perth	117 000
Perth-Albany-Perth	102 000
Perth-Bunbury-Perth	173 000

In respect of the Perth-Kalgoorlie passenger service no study has been carried out because the standard gauge rolling stock used is comparatively new and capital input for replacement will not be required for many years.

7. HEALTH

Whales: Mercury Content

Mr BRYCE, to the Minister representing the Minister for Health:

(1) With reference to my question 34 of Thursday, the 3rd October, have departmental records which contain details of a survey conducted to assess the mercury content in whale species been unpacked?

(2) If so, will he now provide the information?

Mr RIDGE replied:

(1) and (2) I understand the cases have been unpacked, but the department has not had sufficient time to extract the information required by the honourable member. However, he is given the assurance that it will be available by tomorrow. If the honourable member can put his question on the notice paper tomorrow or, if it is too late to do so, asks the question without notice tomorrow, an answer will be provided.

RESERVES BILL

Returned

Bill returned from the Council without amendment.

GOVERNMENT BUSINESS

Precedence on all Sitting Days

SIR CHARLES COURT (Nedlands—Premier) [5.09 p.m.]: I move—

That, until the 31st December, or until such earlier date as may be ordered, on and after Wednesday, 27th November, Government business shall take precedence of all Motions and Orders of the Day on Wednesdays as on all other days.

Members will realise that when I moved previously for the suspension of Standing Orders I did not then deal with private members' business as it was the desire of the Government to allow private members' day to continue normally for as long as possible. I would like to think that this will always be the order of the day.

However, we are now reaching the stage of the session where greater flexibility is necessary in the notice paper and we have therefore decided it is desirable to suspend the normal private members' day which would be from 2.15 p.m. until 6.15 p.m., with questions included in the period, on Wednesday.

I want to make it clear that it is the desire and intention of the Government to make available to private members at least the same amount of time that would have

been available this week for private members' business, but it will not be in the conventional Wednesday afternoon period.

The timing of the amount of space in the programme that is allowed for private members' day will, of course, be the subject of discussion between myself and the Leader of the Opposition, because it may be that some members will want their motions dealt with in different sequence to the sequence they have them on the notice paper, and some may not want them dealt with on the same day. This is a matter that can best be dealt with by negotiation.

At the same time, if I may, I want to make reference to the programme for the week. I did indicate previously that the way the notice paper looked it appeared that the session could end possibly this week, but at all times I have made it clear to Government members that the state of the notice paper will have a bearing on when the session ends and not at any fixed time. We do not operate under the same sessional orders as in Canberra where the closing date is nominated at the same time as the opening date. However Government members have been alerted and I now pass this on to the Opposition: If it is found that the notice paper is not in the condition that we can satisfactorily finish this week, we will be sitting next week. That will be the approach.

I also want to make the point again that I am hopeful that a reasonable amount of time will be spent on the departmental Estimates now that we have got rid of the Loan Estimates and the second reading of the Appropriation Bill (Consolidated Revenue Fund). We are now ready to get on with the departmental Estimates.

MR J. T. TONKIN (Melville—Leader of the Opposition) [5.12 p.m.]: We have no objection to this motion. It has come somewhat later than usual and we appreciate the fact that the Premier has allowed private members' business to be dealt with right up to this time. I appreciate also his assurance that such time as we ordinarily make available for private members' business will be allowed, and I am further pleased to hear the Premier say that, if necessary, we will sit next week instead of endeavouring to complete the business this week.

I say this because, apart from the point of view of members of Parliament themselves, I do not think we give sufficient consideration to the calls made upon the time of the officers of the House and the *Hansard* staff. To me it has often seemed to be unreasonable to expect them to remain here for an hour or more after we rise and then to be back on their jobs the next day as if they had had the ordinary amount of time to rest.

Mr A. R. Tonkin: Hear, hear!

Mr J. T. TONKIN: I hope we will get away from that custom and that it will not be necessary for us to sit until 3.00 a.m., 4.00 a.m., 5.00 a.m., or even 6.00 a.m. To my knowledge this has gone on for more than 40 years and it is time it stopped. Therefore I am pleased to hear the Premier give the assurance that, if necessary, we will sit next week.

SIR CHARLES COURT (Nedlands—Premier) [5.14 p.m.]: I appreciate the support of the Leader of the Opposition. I could not, however, resist the temptation to remind him that during the last two sessions of Parliament when he was in charge, the amount of time we spent on the departmental Estimates was conspicuous by its absence. However, I hope we will be able to do better this session, because we have the notice paper in good order.

Mr A. R. Tonkin: I hope there is no dereliction of duty.

Sir Charles Court: Do not say that; we got you out of a mess.

Question put and passed.

COUNTRY AREAS WATER SUPPLY ACT AMENDMENT BILL

Second Reading

MR O'NEIL (East Melville—Minister for Water Supplies) [5.16 p.m.]: I move—

> That the Bill be now read a second time.

Members will be aware that paragraph (a) of subsection (1) of section 65 of the Country Areas Water Supply Act, 1947-1973, provides for the levying of an annual water rate on ratable land where the usage of water is classified as domestic purposes on the basis of up to a maximum of 7½c in the dollar of the estimated net annual value of the land.

Estimated net annual values for dwellings differ considerably due to a number of factors; these are—

(i) varying capital costs of houses due to location and quality;

(ii) varying demand for houses; and

(iii) the revaluation programme being unable to provide new values for all towns at the same time.

Because of these factors it is possible to have different annual values for the same type of house and produce varying average annual rates on a regional basis. Some examples of varying regional annual averages using available valuations and applying 7½c in the dollar on the annual value are as follows—

	$
Kalgoorlie	17
Merredin	24
Pinjarra	30
Collie	13
Bridgetown	18
Carnarvon	35
Derby	26
Port Hedland	38

The State-wide average annual rate for holdings classified domestic purposes in country areas for 1974-75 applying the maximum rate of 7½c in the dollar is $22.60. To minimise the effect of the variable factors influencing valuations it is proposed to fix a limit of $20 on each domestic annual rate for the rating year commencing the 1st July, 1974.

This Bill provides for section 65 of the Country Areas Water Supply Act to be amended by adding after subsection (1) a new subsection which will enable the Minister from time to time by notice published in the *Government Gazette* to determine a maximum amount of water rate to be paid in respect of holdings classified as domestic purposes. In those cases where the water rate computed on the estimated net annual value of a holding classified as domestic purposes is in excess of the rate determined by the Minister, the water rate shall be fixed at the rate determined. Domestic ratepayers whose rates come to less than $20 this year at the 7½c in the dollar valuation would be charged the lower figure.

I commend the Bill to the House.

MR JAMIESON (Welshpool—Deputy Leader of the Opposition) [5.17 p.m.]: I support the measure in general terms. The Bill indicates to people who are always advocating the pay-as-you-use system of rating that problems are associated with it, because Governments have to obtain finance to cover outgoings in respect of services such as water supplies. Therefore, besides the pay-as-you-use system of charging a certain amount per 1 000 gallons or per kilolitre, we have to adopt some fixed charge on domestic supplies of water, similar to the minimum charge fixed by the State Electricity Commission for premises which are connected with electricity.

As the Minister has indicated, because of this and the way in which rates have been compiled in the past, very little discretion has been given to the Minister. In my term of office as Minister for Water Supplies I was forced to adopt devious ways to overcome the problems. Within the last few years I made a recommendation, and it was accepted by Cabinet, that there be no increase in the price of water. However, such a concession cannot go on forever.

A few years ago the rural communities—and they also include various towns—were experiencing difficult times. I refer to the 1971-72 period, and they were just climbing out of those difficulties in 1973.

Eventually adjustments have to be made, because the State cannot continue losing the amount of finance that it does under the country water supply schemes for water supplied for domestic purposes. The proposal in the Bill is one method for an adjustment to be effected.

Last year, in the case of Denham, it was considered unwise and inequitable to adopt the new valuations that had been set for that town; the reason was the poor quality of the water supplied. Despite the fact that the Act required the new valuations to be set, we as a Government were able to grant some sort of concession to the residents of that town, which technically under the law we should not have granted.

I think the move proposed in the Bill is a commendable one, because it will give the Minister some discretion to determine a fixed rate for the supply of water for domestic purposes. In this regard many towns are concerned.

The cost of constructing a house at Kununurra would be much greater than the cost of constructing a similar house at Bridgetown. Generally, under the valuation structure the impression is given that a higher charge should be levied for water supplied to the house at Kununurra, despite the fact that plenty of water is available and the people there consider that it should be supplied for nothing. The people of Kununurra have told us the water is there, and they cannot see why they should not be able to use it free of charge.

The policy adopted by the present Government, the previous Government, and the one before that has been based on equity in respect of the rates adopted under the country water supply schemes; they have determined the rate according to the volume of water used and it should be the same in all towns. The Bill before us goes a small way towards easing the position in rural areas. It could be the means of helping the people of, for instance, Carnarvon; and that can be seen from the schedules that have been supplied by the Minister. Whereas now the people there pay a minimum rate of $35, comparable with the rates of the other towns mentioned, they will in future pay a maximum rate of $20. The proposal in the Bill will result in a considerable saving to those people, although it will not affect the residents of towns like Kalgoorlie and Collie where the amounts at present payable are well under the proposed maximum rate. If they are under that rate then the formula will not apply.

The Bill is a move in the right direction. We have not so far overcome the problem of the supply of water or electricity for domestic purposes on an equitable basis. I doubt we will ever reach the stage where an equitable rate is applied to all the people. Various States have made inquiries into the charges that should be applied, in an attempt to satisfy the people; and Royal Commissions have been held in South Australia. However, they have not been successful in changing the hard and fast methods which have been adopted by that State for a number of years.

As a consequence only small changes, such as that in the Bill before us, can be effected to grant relief in areas where valuations are unduly high, water is available at reasonable cost, and the Government is in a position to take up some of the excess charge. When such a change is implemented the people are satisfied in that they are granted some concession in respect of charges.

I also commend the Bill. It has the support of the Opposition, and we see no reason why its passage should be held up so as to clutter up the notice paper.

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.

Third Reading

MR. O'NEIL (East Melville—Minister for Water Supplies) [5.27 p.m.]: I move—

That the Bill be now read a third time.

I was somewhat remiss for not rising at the conclusion of the second reading debate to thank the Deputy Leader of the Opposition for his co-operation in ensuring the passage of the Bill with expedition.

Question put and passed.

Bill read a third time and transmitted to the Council.

THE PERPETUAL EXECUTORS TRUSTEES AND AGENCY COMPANY (W.A.) LIMITED ACT AMENDMENT BILL

Second Reading

MR O'NEIL (East Melville—Minister for Works) [5.28 p.m.]: I move—

That the Bill be now read a second time.

Mr Speaker, This Bill proposes the amendment of The Perpetual Executors Trustees and Agency Company (W.A.) Limited Act, 1922-1969, which is one of the very few private Acts passed by the Parliament of Western Australia. They number 21 only as listed in table two of the 1973 index of Statutes in force.

The principal Act was last amended in 1969. The Bill now before members is introduced at the request of the company whose solicitors made representations to the Minister for Justice in the matter some little time ago and the Government has acquiesced.

The remuneration which the company may earn in the administration of estates and trusts in its hands is governed by the Act which was passed in 1922.

The principal source of revenue is the *corpus* and income commissions.

The maximum rate of *corpus* commission —that is, the commission payable on the capital value of an estate—was originally fixed at 2½ per cent but was raised in 1955 to 4 per cent.

The income commission—that is, the commission earned on all income received into an estate—was fixed in 1922 at 5 per cent and has not since been altered.

It will therefore be seen that except for some minor items of charges authorised by this Parliament in 1955 there has been no increase for well nigh 20 years in the charges which the company may make for its services. This is despite the tremendous increase in salaries, wages, and other costs which have occurred in the meantime and more particularly in the past two years.

At the same time there has been a vast increase in the detail involved in the management of estates just as there has been in every business, and the projected capital gains tax will inevitably cast on executors and administrators of estates a tremendous amount of work. The impact of this is felt much more by executors than by the deceased himself during his lifetime, for executors in most cases will necessarily have to go back for years in investigating a deceased's affairs and assets, a research not previously required.

Apart from anticipated increased complexity in administering estates, such companies are now also faced with large salary increases following an award of the Federal Arbitration Commission of approximately 15 per cent in October last which, with the additional State pay-roll tax, will cost the Perpetual Trustee Company some $68 000 per annum.

Anticipated operating costs for the coming year are unlikely to be less than a further 15 per cent. The net profit of the Perpetual Trustee Company has fallen from $77 505 in 1970 to $57 673 in 1974.

In 1970 the average value of estates handled was in the vicinity of $24 000, and on the 30th September, of this year, the average had risen only to some $33 000.

Companies in this business furnish a service to hundreds of beneficiaries in estates and trusts besides managing the affairs of many elderly people, particularly widows, and it is essential that they be in a position to maintain that service efficiently and expeditiously.

It will be seen from the foregoing that the Perpetual Executors Trustees and Agency Company Limited has reached a stage where it is essential that it obtain additional revenue in order to provide these services, and the ability to obtain that revenue is limited by its Act.

Amendments are sought to the following sections of the principal Act—

(i) section 16 which governs the amount of commissions and fees; and

(ii) sections 21A and 21B which incorporate provisions for the creation, conduct, and management of common trust funds.

The proposed amendments to section 16 are concerned primarily with increasing the *corpus* commission rate from 4 per cent to 6 per cent and the income commission rate from 5 per cent to 6 per cent, and to provide a minimum *corpus* commission of not less than $100. Also included are proposals for additional minor ancillary charges for services rendered outside the direct administration of trusts and estates.

I am advised that moves have been initiated by trustee companies in the States of Victoria and New South Wales for the increase of the *corpus* and income commission rates in those States.

As regards the other proposed amendments of section 16, and also the proposed amendments of sections 21A and 21B, I am informed that precedents for the alterations exist already in statutory form in other Australian States, or they are alterations considered desirable to eliminate certain minor anomalies at present existing in the Act.

On behalf of the company I commend the Bill for the consideration of the House.

Debate adjourned, on motion by Mr Bertram.

THE WEST AUSTRALIAN TRUSTEE EXECUTOR AND AGENCY COMPANY LIMITED ACT AMENDMENT BILL

Second Reading

MR O'NEIL (East Melville—Minister for Works) [5.33 p.m.]: I move—

That the Bill be now read a second time.

This Bill to amend The West Australian Trustee Executor and Agency Company Limited Act is identical in its effect with the Bill to amend The Perpetual Executors Trustees and Agency Company (W.A.) Limited Act.

The principal Act which this Bill proposes to amend was also last amended in 1969. The measure now before members is also introduced at the request of the company concerned, whose same solicitors made representations to the Minister for Justice. The Government accordingly agreed to proceed in the matter on behalf of the company.

As the means and effect of both Bills is the same, I shall not weary the House with unnecessary repetition.

The principal Act was passed in 1893. In respect of this company, too, there has been no increase in the charges which it may make for its services for just on 20 years.

This company is also faced with large salary increases which, with the additional State pay-roll tax, will cost it approximately $55 000. Anticipated operating costs for the coming year are also unlikely to be less than a further 15 per cent. The net profit has fallen from $43 455 to $26 005.

In 1970 the average value of estates handled was in the vicinity of $24 000, remaining almost static to the present time.

The Bill proposes amendments to section 16. These are primarily concerned with increasing the *corpus* commission rate from 4 per cent to 6 per cent, and the income commission rate from 5 per cent to 6 per cent, and to provide a minimum *corpus* commission of not less than $100. Also included are proposals for additional minor ancillary charges for services rendered outside the direct administration of trusts and estates.

Similar moves have been made in Victoria and New South Wales, so I understand, and precedents for the alterations already exist in statutory form in other Australian States. Certain minor anomalies at present existing in the Act are also being eliminated.

On behalf of the company I commend the Bill to the House for consideration.

Debate adjourned, on motion by Mr Bertram.

NICKEL (AGNEW) AGREEMENT BILL

Second Reading

MR MENSAROS (Floreat—Minister for Industrial Development) [5.37 p.m.]: I move—

That the Bill be now read a second time.

This Bill has been framed to ratify an agreement which formalises the terms and conditions under which a new nickel mining, concentrating, and smelting project will be established near Agnew in the eastern goldfields region some 130 kilometres north-west of Leonora.

The agreement is between the State, Western Selcast (Pty) Limited, which has a 60 per cent interest in the venture, and Mount Isa Mines Limited, which has the remaining 40 per cent.

Shareholders in Western Selcast comprise Selcast Exploration Limited, Selection Trust Limited, and Consolidated African Selection Trust Limited. Australian equity in Western Selcast and Mount Isa Mines Limited—and therefore in the project—totals some 22 per cent and both companies are wholly Australian managed. It is expected that this percentage will increase, the timing and form of the increase to be the subject of negotiations involving the State Government in a sensible and practical manner.

With the approval of the State a new company known as Agnew Mining Company Pty Ltd has been set up to manage the project.

It can be seen that the project has the backing of extremely reputable and capable organisations. They have a tremendous amount of marketing knowledge, proven financial strength, and will bring substantial mining and processing expertise to Western Australia.

The completion of this agreement is a major step towards the establishment of the project, which will ultimately involve capital expenditure by the joint venturers of more than $200 million.

I am confident that it will lead to a decision by the joint venturers to proceed in the new year, and that we will see the project proposals required under clause 6 of the agreement lodged well inside the deadline of the 31st December, 1975.

The joint venturers have already spent in excess of $17 million in bringing the project to its present stage, and despite the fact that economic factors are currently running against developments of this magnitude I believe an early positive decision is highly likely.

Before I deal with the provisions of the agreement and with details of the project itself, I think it would be appropriate for me to mention something of the history of this venture.

Before Mount Isa Mines Limited took up its 40 per cent interest in the project in July, this year, the exploration and proving of the nickel orebody was carried out by Western Selcast (Pty) Limited.

After having acquired mining claims and leases earlier, the company first intersected ore in the vicinity of Perseverance Bore, near Agnew, and since then has carried out an extensive drilling programme which has proved up ore reserves of major world significance. The total is estimated at more than 40 million tonnes of nickel ore averaging approximately 2.2 per cent nickel content.

By November, 1972, Western Selcast was ready to make a final decision to proceed with the development of the mine. This decision was not taken, however, as in December, 1972, the first of several currency movements and the introduction by the Commonwealth Government of the statutory deposit requirement adversely affected the economics of the project to the extent that it would have been imprudent for the company to proceed at that time.

With the recent removal of the statutory deposit requirement on investment capital entering Australia, and the latest currency movements, the economics of the project have improved to the point where development can now be contemplated.

The joint venturers now hold an area of some 750 square kilometres, mostly under mineral claims, but also including eight mineral leases covering the ore reserves which have been proven. The areas are shown in plan "A" annexed to the agreement, a copy of which I table.

The plan was tabled (see paper No. 388).

Mr MENSAROS: A substantial number of the mineral claims shown in yellow on the plan are held by the joint venturers already, whilst others are those which the joint venturers may acquire prior to the issue of the mineral lease under clause 15. It will be noted that the definition of "mining areas" under clause 1 makes this clear.

The total area of the mineral claims is quite substantial and so, after providing for an interim period while the project is established and a cash flow has commenced, the joint venturers must, under clause 16, commence a programme of surrender of those mineral claims they did not include in the initial mineral lease.

The joint venturers are required to surrender one third of the area of the claims in each of the fourth, fifth, and sixth years after commencement of production, and may apply to have any of the area so surrendered included in their mineral lease.

These arrangements are fair to the joint venturers but also ensure they will get on with the job of exploration in due course.

The joint venturers plan to develop the deposits initially as an open-cut mine, with work proceeding simultaneously on driving shafts and a decline to give access to deeper orebodies.

Under clause 21 the company is required to pay standard royalties under the Mining Act, but there is a proviso that the rate of royalty prevailing at the date production commences will remain unchanged for four years.

As I have mentioned, the agreement requires the joint venturers to submit detailed proposals on or before the 31st day of December, 1975. These must cover a project with a capacity for mining, concentrating, and smelting not less than one million tonnes of ore a year. I can confidently predict that we will eventually see a far greater level of production.

The joint venturers plan to construct a nickel ore concentrator at the mine site, and a flash smelter instead of an electric smelter. The smelter will produce nickel matte of around 75 per cent contained nickel and this will, of course, greatly reduce the cost of transport to the coast.

The significance of the flash smelter is that the process requires considerably less fuel oil than would otherwise be necessary for electric smelting, resulting in cost savings for both the commodity and its freight to the plant site.

As a further development after the concentrating and smelting stage, clause 22 of the agreement requires the joint venturers to investigate the technical and

economic feasibility of establishing a nickel refinery in an unspecified location in Western Australia within 10 years of the commencement of mining. The State also has the right to carry out similar studies.

If the establishment of a refinery is proven in these studies to be economically viable, the company must establish a refinery to be operating no later than 15 years after the commencement of mining. The refinery may be constructed by the joint venturers alone or in conjunction with another company or companies.

It can be seen the scale of industrial development that will flow from the agreement will be very substantial indeed and Western Australia will achieve the maximum economic benefit possible out of the establishment of this project.

The agreement contains the usual provisions in respect of proposals for a joint venturers' project but among these, for the first time, is a requirement for an environmental impact statement to be prepared as part of the preliminary studies under clause 5. Already the joint venturers have done a considerable amount of work in planning for the best possible living and working conditions in what is a very harsh environment.

Naturally the town will be a primary subject of the proposals. It is planned by the company that the town will be sited approximately 10 kilometres from the mine and smelter, and it will provide accommodation and facilities for a population of about 3 000.

Clause 18 of the agreement clearly defines the joint venturers' obligations with respect to development of the town. They must, at their cost, provide, equip, service and maintain total community services including sewerage reticulation and treatment, main drainage, social, cultural, and civic facilities, public roads, schools, hospitals, and buildings required for recreation, fire, and other services.

The joint venturers have the usual rights to freehold developed townsite lots.

Clause 12 of the agreement requires that the whole of the output from the company's plant and any bulk commodities freighted inwards to the town or plant will be transported by road between the existing rail-head at Leonora and the project site. The remainder of the journey will be handled by the Railways Commission. Freight rates on nickel matte carried to Esperance or Fremantle are set out in the first schedule to the agreement.

In respect of nonbulk commodities, however, the joint venturers may elect to transport by either road or rail between Kalgoorlie and the mining areas, with the proviso that the Railways Commission will not be bound to accept less than full wagon loads. The company can, as of right, obtain road transport licenses for this journey on payment of the usual fees. This is a new and sensible concept in agreements of this nature. It ensures that the railways will handle the transport tasks to which it is best suited and at the same time the joint venturers will achieve a degree of flexibility in their operations which may not normally be available.

The agreement provides for the joint venturers to pay $1 million in the form of an advance in the payment of freight rates towards the cost of upgrading the Kalgoorlie-Leonora railway.

Should the State elect to construct a railway between Leonora and the mining areas at Agnew, the joint venturers will contribute towards the total cost of providing the new railway and additional rolling stock if required, on a basis to be agreed.

I should comment here that in clause 20 the State has endeavoured to focus the export of matte through the Port of Esperance, a wish which is shared by the joint venturers. However, we have had to recognise that circumstances such as the availability of suitable shipping may make this impracticable and so provision has been made for approval of an alternative port or ports.

The agreement also contains important provisions in respect of new roads, as set out in clause 11. The most substantial of these is a new road between Leonora and Yakabindie on a new alignment east of the old Leonora-Yakabindie road. It will be sealed from Leonora to the turnoff to the mine town, the rest to be unsealed and constructed to a standard similar to the existing road. The cost of the whole of the new road will be shared equally by the State and the joint venturers.

Similarly, the cost of a sealed road connecting with the mine townsite to the east and an unsealed road connecting with the old Leonora-Yakabindie road to the west will be equally shared.

Finally, the joint venturers are to construct a sealed road from town to mine at their sole cost. The remaining provisions regarding roads are fairly standard in these agreements.

I would like to make particular reference now to the project's water requirements. The provisions covering this aspect are set out in clause 14. The need for a reliable source of water in such a remote location is clearly of paramount importance.

The joint venturers have conducted an extensive search for water at their own cost, and while they have been unable to locate an adequate source of water within their mining areas, a substantial source has been discovered in an underground aquifer near Depot Springs, some 50 kilometres from the mine site. It has been protected by declaring the area a water reserve.

To meet a requirement for 28 000 cubic metres of potable water per day, the joint venturers will provide, at their cost,

in accordance with approved proposals, all the necessary bores, pipelines, and associated equipment necessary to develop the water resource they have discovered.

The usual provisions apply in regard to grant of licenses under the Rights in Water and Irrigation Act, grant of powers of a water board under the Water Boards Act, and grant of powers of a local authority under the Local Government Act in respect of supplying water to third parties.

Should the Depot Springs water reserve prove hydrologically inadequate to service the joint venturers' needs under continuous pumping, the State may reduce the amount of water available under licenses issued to the joint venturers. Should this occur, the State will, at cost to the joint venturers, search for additional water to meet their requirements, and will simultaneously use its best endeavours to supply the joint venturers' requirements from other sources.

The agreement calls on the joint venturers to use their best endeavours to conserve water. It also provides that the State can acquire the joint venturers' water scheme to make it part of a regional water supply, with the State accepting the obligation to continue to supply the joint venturers' needs at a fair price having regard for operation, maintenance, and replacement costs, except that domestic water will be at country areas water supply rates. By side letter the cost of acquisition has been fixed at $1.

A similar arrangement has been entered into in respect of the acquisition by the State of the joint venturers' sewerage facilities.

The conditions under which the State may supply water to third parties are set out and include detailed protection of the joint venturers' first right to water from the resource. In addition, substantial users drawing water within the initial five years of the joint venturers' first use of the water resource must reimburse the joint venturers a fair proportion of their costs of investigation, development, and utilisation of the water.

There are two further provisions which are new to these agreements. The first of these appears at clause 14 (11) under which the State may not grant rights to mine over the area of any aquifer from which the joint venturers draw, or may draw, water, unless it does not prejudice the joint venturers' operations.

The second is a protection of the joint venturers' first right to use any surplus capacity which it builds into any pipeline constructed at its own cost. This provision would take effect only in the event of the State having taken over the joint venturers' water facilities and wanting to supply third parties.

As has been the practice with similar major development agreements, the joint venturers are called upon to use, as far as it is reasonable and practicable, local professional consultants and local labour. They must also give local manufacturers and contractors the opportunity to quote for any work required, and to consider local manufacturers and contractors when letting contracts or placing orders.

This condition has been included in the agreement to ensure that maximum economic benefit flows from the project into local industry, providing maximum employment within Western Australia. As a means of assessing the impact of this provision of the agreement, a further requirement has been included under which the joint venturers may be requested to report periodically on the implementation of the clause.

With two exceptions, the remaining provisions of the agreement are in common with a number of other agreements covering similar projects, and the exceptions are clauses 26 and 36. The former provides for termination of the agreement by the joint venturers, without loss of certain rights such as title to the mineral lease, if this Parliament enacts legislation which modifies the rights or increases the obligations of the joint venturers.

There is a proviso to the clause which provides for the State to remedy the problem within 12 months if practicable.

The other exception, in respect of clause 36, simply provides for some flexibility, subject to the discretion of the Minister, in the manner in which the joint venturers provide the financial contributions required to be made under the agreement.

This project is one of major importance to Western Australia in general, and to the northern area of the goldfields in particular. It will be the northernmost of the nickel projects in Western Australia, and because it is such a substantial development, it will increase prospects for the establishment of further projects in the region. The industrial, residential, transport, and other developments and improvements flowing from this agreement will also heighten prospects for the establishment of a greater range of services in the Kalgoorlie region. It will enhance equally the tourist industry in west coast towns and resorts.

The agreement provides for the development of a valuable and worth-while project and for this reason it deserves all the support which Parliament can give. I commend the Bill to the House.

Debate adjourned, on motion by Mr May.

BULK HANDLING ACT AMENDMENT BILL

Second Reading

Debate resumed from the 19th November.

MR H. D. EVANS (Warren) [6.00 p.m.]: Many questions relating to the measure now before the House remain unanswered. Indeed, I imagine that a number of members opposite who are closely involved in their areas with the production of grain will participate in this debate. On the face of it, the proposal involved is to seek to charge all grain and seed producers in the 1973-74 season a levy of 75c a tonne, or 2c a bushel. The Minister has indicated that the growers have accepted this proposal.

However, it is of some concern that of the more than 9 000 growers in this State, a total of only 300 attended the meetings that were held. That is hardly a representative opinion in a matter of this kind, having regard to the consequences to the industry of foreshadowed future fee increases due to capitalisation. I make a strong query on the first count; namely, the manner of ascertaining grower opinion.

I recall the present Government pointing to the Tonkin Government and strongly castigating it for accepting the unanimous opinion of only two consecutive meetings of the fruitgrowers' annual conference at which full representation of the nine branches was involved. But here we have the Government taking the word of only 300 of the more than 9 000 growers involved in this industry in Western Australia. That is the first point about which I have some consternation and reservation.

The reason put forward for these increased tolls is to permit the expansion of the facilities of Co-operative Bulk Handling Limited, particularly in country areas. That is rather laudable in its intent; however, in its application and consequence, some aspects of the proposal are not perfectly clear. A total sum of $3.4 million is involved; provisions with regard to future tolls are written into the measure. In this case, it will be required that two meetings should be held in each directorate district of Co-operative Bulk Handling, making in all, 20 meetings.

However, the fact that the same representation attended the previous 19 meetings does not make for a very equitable way of establishing the intention of the industry as a whole.

The other aspect of the legislation to which I refer relates to the collection of the skeleton weed levy. In this respect, the wording of the Bill is ambiguous and leaves open to some doubt whether this levy cannot be reimposed once it is on the Statute book. Is this to be a one-year operation or, once the provision has found its way into the Act, will it remain there for all time to be used at will? Clarification is desirable on this point.

Mr McPharlin: Which one are you referring to now?

Mr H. D. EVANS: I am referring to the second part of the amending Bill. A further point which I feel the Minister should clarify before we go very much further concerns the taxation aspect with regard to the imposition of a toll. In stating his reasons for imposing a toll, rather than a charge, subject to the concurrence of the farmers, the Minister stated—

> It is relevant that at high taxation levels the charge probably costs the wheat farmer less than the toll as the toll is taxable while the charge, being a statutory charge, is not taxable.

At this early stage I would like the Minister to state categorically and specifically whether or not the toll will be an exemption. I understand there are grave doubts as to whether it will be classified as a taxation exemption; it could well be that this has been put to the producers on the basis that, in fact, they will be paying only about half of the amount involved. The farmers, naturally, have gone along with it, but at this stage it is not absolutely certain whether the claimed taxation exemption will in fact apply. I feel the Minister must have close regard to this point.

The policy of CBH has been to establish uniform receival facilities throughout the State; in so doing, of course, it has necessitated a steady upgrading of its facilities. The company has achieved this to a high degree and I suspect that Western Australian graingrowers enjoy some of the best storage facilities in the world. While on the one hand they enjoy this very desirable situation, on the other hand they are free of the worry of providing grain storage facilities on their farms. However, this policy—laudable in concept and principle as it is—has necessitated a tremendous capital investment which, of course, must be serviced by the growers themselves. I cite the instance of Kwinana, where the initial estimate of $42 million represented to the grain producers of this State about 3c a bushel of receivals.

I have a high regard for the personnel of CBH, having come to know them quite well; I appreciate their sincerity of intention and the purpose with which they have approached the grave problem of providing the storage and handling facilities required for the total Western Australian crop. However, before agreeing to the proposed levy, I should like some questions answered. The Minister and the Government should make available to this House and, indeed, to the producers who are directly concerned at this time with very high costs in the industry, all the information relating to the possible inflationary trend following the imposition of such a levy.

Firstly, I should like to see over the next five years a projection of the annual budgeted grain handling receival costs on a per tonne basis without the proposed

levy in operation. I cannot see any reason that an organisation of this kind should not be able to draw up five years in advance the costs with which it will be confronted, and how they will affect the producer.

Secondly, I should like a similar projection drawn up, but with the levy taken into consideration. A comparison could then be drawn between the two figures and we would be able to see just what is involved in imposing such a levy on the industry. I point out to members that quite substantial additional revenue has been received by CBH as a consequence of the 1971 amendment to the Act. According to the annual reports of CBH, it received $3.444 million in 1972 and $3 716 605 in 1973. That was the amount of finance in excess of expenditure that, normally, CBH would have returned to its ultimate clients, the individual producers, as a rebate in the normal course of dealings between the handling company and the grower.

However, in 1971, it was decided to amend the Act to enable CBH to retain the rebate as a toll; that decision has given the company in excess of $7 million since the inception of the amendment. That is probably a very good thing; it provided CBH with capital. However, I seek clarification on the remuneration agreement between CBH and the marketing authorities; namely, the Barley Board and the Seeds Board, under which that amount of $7 million over two years was included in the charges levied by CBH on the marketing authorities.

As I understand it, this meant that the growers had to meet that amount as an impost and, in effect, CBH has received not $7 million but twice $7 million, the second $7 million becoming available during the 10-year period over which the debt becomes amortised. The capital requirement of CBH is included as a charge on the marketing authorities and this in turn is met by the growers. In effect, the rebate retained after the amendment to the Act, which in itself generated over $7 million, generated another $7 million in a second payment by the growers over a 10-year period.

Will the same situation apply in relation to the imposition in the forthcoming year of a levy of $3.4 million? Will this direct, interest-free loan to CBH be recouped over a 10-year period, meaning that CBH will have its capital expanded by almost another $7 million? Tremendous sums of money are involved when we consider the proposal in that light and, of course, it will mean that the growers themselves will face an added impost in relation to the total capitalisation of CBH complexes and everything that means.

From a reply the Minister provided to a question I asked, I see that at this time something in the order of $84 million is involved in debt expenditure. Very considerable expenditure is projected over the next few years; however, I felt some concern when the manager of CBH was asked whether costs were expected to increase as rapidly in the future as they had over the past few years due to increased provision of country storages and port facilities.

Sitting suspended from 6.14 to 7.30 p.m.

Mr H. D. EVANS: Before the tea suspension I had indicated that I felt concern over the capitalisation that had been incurred by Co-operative Bulk Handling and the rather deleterious effect this could have on the grain producers of the State. I made reference to the reply to a question given by the general manager, when he was asked whether handling costs were expected to increase as rapidly in the future as they had done in the past few years, particularly if we continue to increase the provision of country storage and port facilities.

The general manager replied that he honestly did not know, as handling costs could increase substantially. He said—

> When you set out to build a country construction programme as C.B.H. did a few years ago eventually you have to go over it and cost it up. Whilst C.B.H. were doing this they were reducing their other costs.

This seems an odd way to face the problem particularly when one considers the magnitude of the operations carried out by CBH; and it would seem to me a projection of the fact that this levy could do nothing but good so far as an evaluation of the position is concerned.

I did ask the Minister whether he could provide me with the figures of costs of handling within Australia on a comparative basis. He was not able to do so, and as accurately as I am able to gauge the position, this deals with wheat only. The bulk handling authorities' costs so far as wheat is concerned show that in eight of the past 10 years CBH has had the highest cost—that is, higher than the national.

So it would appear that in this position the producers of the State could be placed in an inflationary situation which will be compounded by the capitalisation they have to meet.

The corollary to this is the coarse graingrowers. The coarse grains industry is in a somewhat different position from wheat, in that the costs of wheat handling are spread on a national basis to some extent; indeed, there was some talk of State accounting by some of the other States and it looked as though Western Australia could have been adversely affected if State accounting were undertaken by the grain handling authorities of the Commonwealth.

The coarse grains industry is in the position of being involved in remuneration to CBH from its marketing authority, but

this is on a State basis. Although it pays its pro rata costs it could be placed in a position where in a bad season it could be hopelessly indebted to the company for the service it provides.

I draw the attention of the House to the year 1969-70 when the handling of wheat cost 7.9c a bushel, but the handling of coarse grains was in the region of 18c a bushel. If this differentiation is projected—and having regard to the escalation of costs and the inflationary effect that will follow—it means we could be looking at a differentiation in the future of about 30c to 50c in a bad year. The barley growers and more currently the lupin growers are also involved, and there is a very real case for the coarse grain-growers of this State; and perhaps it would have been at least fair to have consulted them when embarking on the construction of the grain terminal at Kwinana.

Coarse graingrowers could have proceeded with the existing port facilities and considerably less would have had to be paid by way of handling charges than is the case at the moment. I do not know whether in the final analysis this will offset the saving they will get in future, but the fact does inescapably remain that the coarse grains industry in Western Australia is starting to play an increasingly important role and *vis-à-vis* the wheatgrowers the industry has been disadvantaged in terms of costs of the handling of its product.

To recapitulate briefly, the questions that emanate from all this are serious. They involve the examining of the accountancy structure of the total grain handling facilities of Western Australia. The first problem is one of taxation, and I think it is imperative that the Minister should be able to say categorically and specifically that this toll is subject to exemption. If the Minister cannot say this—and this is the story that CBH used in the 19 meetings held in the country—it verges on false pretences. So far as I know the question of exemption has not been established definitely.

The second point is that, as they were held, the meetings represented less than 3 per cent of the total graingrowers of Western Australia. This is hardly the way to obtain the view of a total industry, particularly by a Government that was so enthusiastic about referendums when it was in Opposition. I wonder whether or not it should not pay a little more heed to that process. This was one of the alternatives that CBH had. This is the alternative that exists in the future and, if it is necessary to hold 20 meetings in the future before the levy can be reimposed or prolonged, and the result is the same as history has shown, we will continue not to heed the voice of the graingrowers of Western Australia.

Probably the more important factor is whether the rebates as they became available to CBH were paid a second time by the growers; and whether this toll will be paid a second time in the course of remuneration by the marketing authorities who have, in their agreement with CBH, a requirement to do just this over a 10-year period. This is an important aspect.

The most important aspect, however, is the projection of costs and just where CBH is going in its total cost structure. It is time an accounting was made of the facilities that are being provided, and at what capitalisation these facilities are provided and what effect this could have in future bad years.

Nobody is denigrating the service that has been provided by CBH over the years; indeed, I remarked initially it was second to none in Australia, and probably second to none in the world; but it may have something to answer for in the horizontal style of storage it created some years ago, which should be replaced if a serious attempt is to be made to eradicate weevil. It will be a costly business and this, no doubt, will have to be met by the growers. This sort of thing does occur, however, and I suggest it does have an overall impact on the capitalisation question.

I do not know whether interest enters into the charges made by CBH on interest-free loans provided to marketing authorities; nor do I know whether this tax is passed on to the grower. This is the sort of thing that needs further clarification.

A sufficient number of problems have been indicated and I would like the Minister to elaborate on these. If he is not in a position to do so then I feel he should, in the interests of the growers of this State, refer the matter back to the department for it to take up the precise nature of the situation with CBH.

At this time I appreciate that expansion is desirable when overseas prices have not been high. The levying of an impost of this nature at times when overseas returns are high is not very noticeable. This is fair enough, and if it could be demonstrated that a real need does exist, or the economics of the operation are valid and viable then perhaps it should go ahead. But if there is no projection into the future as to just what this will mean and just what handling costs can be anticipated, the matter should be reconsidered; but surely a firm of this size and nature with the responsibility with which it is charged, should be in a position to provide this information.

The principle is opposed on the basis of the inflationary trend which has been introduced into grain handling and on to the growers of this State who would have to meet the cost. These are the grounds of objection that could be raised; and it has now to be shown whether the capitalisation and the funding as they are being

conducted, will be in the interests of the industry in the long term.

These are matters to which the House should be given an answer. The full facts and information should be made available before we pass this legislation which will enable CBH to go ahead with the toll provided for in the legislation.

MR McPHARLIN (Mt. Marshall—Minister for Agriculture) [7.44 p.m.]: I would like to thank the honourable member for his contribution to the debate on the Bill before us. He raised certain points on which he sought clarification.

The first point raised by the honourable member is a criticism about the total number of wheatgrowers who attended the meetings arranged by CBH throughout the country areas. The member for Warren quoted a figure of 300 growers who attended these meetings. That may be so, but 19 meetings were held and the matter was well publicised through the country newspapers. The fact that only 300 wheatgrowers turned up is surely an indication of the trust they have in and the regard in which they hold the management and directors of CBH. Had they seriously doubted what was proposed they would have attended the meetings to air their views and obtain answers to their queries.

Mr H. D. Evans: Less than 3 per cent.

Mr McPHARLIN: Without any dissentient voice a motion was carried at an annual general meeting to the effect that consideration be given to imposing an increase of toll by 2c or a nonreturnable levy of 2c a bushel and that, if CBH agreed, the matter be referred to a special meeting of shareholders or a series of meetings to be held throughout the country to explain the proposition. That was the recommendation to the directors.

Mr H. D. Evans: Why do you not place the same importance on motions passed by the fruitgrowers?

Mr McPHARLIN: We are debating the Bill before us at the moment.

Mr J. T. Tonkin: Bit awkward, wasn't it?

Mr McPHARLIN: The Act stipulates that two meetings must be held in each director's area. Unfortunately this did not occur, nor was it necessary, but 19 meetings were held and I certainly have not heard of any great resistance to the proposal of a 2c levy which is required by the directors to continue with the building programme. In fact, I have heard very little said at all. The wheatgrowers are prepared to contribute this money to the directors to allow them to continue with the building programme.

As I said in my second reading speech, the charge—it is not a toll—is not taxable. During the tea suspension I obtained confirmation of this in a letter written by the Commissioner of Taxation to CBH. The letter reads substantially as follows—

> As far as intent is concerned within bill will agree that it will be Tax free. This is subject of course to final sighting of bill after house agreeance.

That is the essence of a letter from the Commissioner of Taxation who states that it will be tax free provided the House agrees to the Bill in the proposed form.

Mr H. D. Evans: So you state categorically that it will be a tax exemption.

Mr McPHARLIN: That is what the commissioner has indicated. I do not know where else I could go to get such confirmation.

The farmers who, after all, own CBH, have asked that the building programme be continued because they want the facilities which are being provided, and the handling facilities in the State are second to none in the world. The shareholders are very proud of the facilities provided over many years, and they are very proud of the company and its management.

Certainly at times criticism has been levelled at the management—it would not be a good company if there had been no criticism—but always it has been constructive and the answers have been satisfactory to the shareholders. As a shareholder who has attended a number of shareholders' meetings, I can vouch for that fact because the management has proved itself to be very efficient. The honourable member would acknowledge this because he was involved in this matter in 1972 when an amendment was made to the Act, relieving the company of the obligation to pay taxation. The honourable member referred to that and said that as a result $7 million would have been available to CBH. Whether or not that is the amount, I am not quite sure, but it would not have been over a period of only one year: it would have been far more than one year, and it will be available to CBH for use on its building programme.

The honourable member made some reference to this money being matched by the Australian Wheat Board, and therefore the farmers would be losing something like $14 million. Is that what the honourable member said? Did he say this would double over a period of time?

Mr H. D. Evans: In this case the expenditure is made by CBH. Then, through the remuneration agreement with the marketing authorities, the charge goes back and this is passed on by way of charges to the growers; so the growers are paying twice.

Mr McPHARLIN: Let me explain it. The honourable member referred to an amount of $7 million. This may be the amount over two years, but it is not matched by the Australian Wheat Board.

Mr H. D. Evans: I did not say it was. I am saying that the expenditure by CBH has to be recouped from the marketing authorities which charge the growers, and so, although CBH gets a grant virtually of an interest-free loan—a gift from the growers—the growers still repay the same amount through the charges levied on them by the marketing authorities.

Mr McPHARLIN: Over the years building costs have doubled.

Mr H. D. Evans: Let us come back to the principle.

Mr McPHARLIN: CBH never charged more than the 5c a bushel, yet costs have doubled and CBH is to be commended for not charging any more than the 5c over the years.

Mr H. D. Evans: But CBH gets $14 million out of it for a start.

Mr McPHARLIN: No, it is not $14 million. The honourable member is wrong.

Mr H. D. Evans: How much does this rebate represent?

Mr McPHARLIN: It is not matched by the Australian Wheat Board.

Mr H. D. Evans: I did not say it was. I said the growers repay that amount over 10 years so they pay the toll and then they repay the same amount.

Mr McPHARLIN: They pay the toll; that is right. It is a revolving fund over 10 years.

Mr H. D. Evans: Is it or is it not a fact that the toll, through the rebates—representing about $10 million in that two years—was matched by a like amount through the charges CBH made on the marketing authorities of an amount approximating $7 million?

Mr McPHARLIN: I doubt very much whether what the honourable member says is correct, but I will have the matter checked. The AWB does pay some costs which are uniform throughout the States of Australia. It pays operating costs, maintenance costs, depreciation and tax and these represent 1 per cent on concrete silos. The AWB pays the actual interest on borrowings, against earnings of interest by CBH which means that the interest paid in one direction is offset by what the AWB pays and so the full amount is not paid. Is that point clear? The AWB is paying interest on borrowings to CBH. Other investments create interest, and the AWB pays only the difference.

Mr H. D. Evans: What about coarse grains which are not stabilised throughout the Commonwealth?

Mr McPHARLIN: The handling charges which CBH levies on those grains must be paid. I think this is fair enough.

Mr H. D. Evans: Yes, but are amounts received from tolls treated in the same way as loan moneys would be and recouped from the marketing authority?

Mr McPHARLIN: What CBH wishes to do at the moment is to cover its operating costs and that is why the 2c charge has been applied. In this State we have 200-odd handling points for grain, or we will have 200 when those in the course of construction are completed; and they are the best facilities available anywhere. They are certainly better than those available in the Eastern States, and we have more of them.

Let me indicate how much costs can increase. Contracts were called for a terminal and the original estimate for the work in October last year was $386 000. Just prior to the closing of tenders, and based on the actual bill of quantities included in the contract documents, the inflated price then prevailing was $510 000. This indicates how costs have increased.

Two tenders were submitted for the terminal, one being for $859 000 and the other being for $1.104 million. Members can realise the tremendous increase from the original estimate of $386 000 to the amounts in the two tenders. This is the kind of increased cost which CBH must meet and for this it requires the extra money to enable it to provide the silos.

Mr H. D. Evans: The essential point is, what is the effect of capitalisation—

Mr McPHARLIN: I am very surprised at the honourable member's criticism of the company. He said the accounting procedures should be examined. The honourable member should be aware that the books of CBH are subject to audit each year, and this has been the position ever since the company commenced operations. For the honourable member to imply there is any doubt at all about the operation of the company is not fair criticism, because it has done a tremendous job over the years.

Mr H. D. Evans: Perhaps you could tell me the effect on costs for grain handling of the capitalisation which has taken place by projecting this into the charges which will be made in the next five years.

Mr McPHARLIN: With increasing costs how can we do such a thing? It is unrealistic because costs have increased tremendously over the last few years and there is no sign to indicate that this will not be the situation in the future. If the honourable member can give an indication as to how he can project this five years and give an indication of the costs, the company would welcome it.

Mr H. D. Evans: Are they justified in raising this levy then?

Mr McPHARLIN: The honourable member said that this charge would be inflationary. I could not understand his point at all. I believe this could be the situation if the charge were not levied. The honourable member did not explain his point in detail.

The first proposal in the Bill deals with the 2c nonreturnable levy. The other portion of the Bill is designed to give the directors permission, after meetings have been held throughout the country, and a referendum is held if so desired, to increase the levy to a limit of 3c a bushel at some time in the future. This will give the growers the protection they desire. This matter was canvassed thoroughly throughout the wheatgrowing areas and it was indicated that the wheatgrowers believed the amendment was desirable for the future in case costs escalate. Who can say that the charges will not go up?

The honourable member also said CBH could be criticised because of its construction of horizontal bins in the past. Those of us who have seen the company grow from infancy and develop over the years, and who have taken part in the handling of grains, will wonder how such criticism could be levelled. I think the company has done the best it could under the circumstances regarding the construction of bins—horizontal, vertical, or any other type—and the types of bins being built these days are very commendable. The company is aware that more difficulty is experienced in controlling weevils and insects in the horizontal bins than in the vertical bins, but this matter was worked out very thoroughly before a decision was reached in regard to buildings.

The company has yet to finish 25 facilities, and has started on a five-year programme which will cost something like $13 million to complete. It is hoped the 2c levy we are talking about at the moment will raise about $3.4 million. The whole exercise has been accepted by the growers. It is what the growers want and they have asked the directors to go ahead and complete the building programme to give them the facilities which will be required.

Who knows the quantities of grain which will be produced in Western Australia in a few years' time? It may reach over 200 million bushels. If so, better facilities will be needed to handle the grain in the most efficient manner. Apart from that, costs will be involved in upgrading the facilities at the five ports in this State to give better handling. The facilities going ahead at Kwinana will be equal to anything in the world and will take the biggest grain ships in existence.

So the whole matter of the raising of this money has been agreed to by the growers themselves. I do not see that there is any room for criticism of the type the member for Warren has expressed.

Mr H. D. Evans: What consultation was there with the coarse graingrowers?

Mr McPHARLIN: All the meetings were open to any growers who wished to attend them. There was no secret about them. They were widely advertised and all growers were aware of what was going on. I do not know how one can go to every grower; it possibly has never happened yet. Many growers would not be concerned because they have such confidence in the company.

Sir Charles Court: Has the honourable member received objections from shareholders of CBH?

Mr H. D. Evans: I have had several letters.

Sir Charles Court: How many objections from the thousands who use the facilities?

Mr H. D. Evans: Several letters and one from a particularly strong organisation.

Sir Charles Court: Do you not think you should raise these with the Minister?

Mr H. D. Evans: I do not think I have had the opportunity to do so, the way the Bill has been rushed in.

Sir Charles Court: It has not been rushed in.

Mr McPHARLIN: The Bill has been before the House for some time and I have not received any letters raising violent objections to it. I have received no advice from any organisation which has very strong objections to the proposal.

Mr H. D. Evans: Forget about the objections and explain the points which need explaining and which you have not explained.

Mr McPHARLIN: I have explained the costs. I said the charge was nontaxable and the 2c levy was nonreturnable. They were the matters the honourable member raised. He also referred to the borrowings.

Mr H. D. Evans: And the coarse grains.

Mr McPHARLIN: What was the point about that?

Mr H. D. Evans: With the capitalisation as it is going, and remembering that the coarse grains are a State entity and cannot be equalised in a bad year, how will the coarse grains be affected?

Mr McPHARLIN: The coarse grains will be handled. The Barley Board, the Seeds Board, or whoever handles the grain will have to pay the charges according to throughput.

Mr H. D. Evans: They were up for 18c in 1969-70.

Mr McPHARLIN: That would include freight.

Mr H. D. Evans: That was the total charge; but with the capitalisation which has to be serviced the pro rata contribution by the growers of coarse grains will be up to 40c.

Mr McPHARLIN: In order to provide the facilities, somebody has to pay, and I think it is fair and equitable that whoever uses the facilities should meet the charges. As the grain handling authority in this State, CBH must make a charge for its services. Why should not the coarse graingrowers pay?

Mr H. D. Evans: They have to pay, certainly, but if the charge is escalated and inflated as is possible under this Bill —and it could go up to 40c—you will break down the coarse grain marketing structure and encourage black marketing. It happened in Queensland, where the charge was 50c.

Sir Charles Court: These capital costs are needed to reduce the operating costs. If you do not increase capital, costs will go up and up because of the labour component being too great.

Mr H. D. Evans: When you have to service a capital debt that is growing the way this is, and at the same time you have to double the levy, the 2c is raised by way of a toll and is nonreturnable. But is it or is it not repayable over 10 years?

Mr McPHARLIN: The 2c is not returnable. The growers have agreed to that. Other charges have been agreed to by the shareholders, and the growers are the shareholders of the organisation.

Mr H. D. Evans: Do the shareholders have to pay the same amount through the marketing authority—the Barley Board or whatever it is?

Mr McPHARLIN: The 2c levy?

Mr H. D. Evans: Yes. It will become a capital investment by CBH which will be passed on to the marketing authority. Will that be a further impost on the growers?

Mr McPHARLIN: The 2c levy is imposed on those who delivered grain in the 1973-74 season. That is a nonreturnable levy on the grain delivered this year.

Mr H. D. Evans: And in 1975?

Mr McPHARLIN: No extra charge will be imposed.

Mr H. D. Evans: Having been expended, does it become part of the charge levied by CBH on the marketing authorities?

Mr McPHARLIN: There will be no extra charge for the 1974-75 season because it is a one-year levy.

Mr H. D. Evans: But over the following 10 years will this amount, which becomes expenditure—

Mr McPHARLIN: It is not a toll. It is a charge for one year and it does not have to be paid back.

Mr H. D. Evans: CBH will spend it?

Mr McPHARLIN: On its building programmes.

Mr H. D. Evans: It becomes part of the capital structure. Under the remuneration agreement, does this not represent the pro rata amount which each of the marketing authorities will pay to CBH? And is not this the basis of the toll on growers?

Mr McPHARLIN: It is the cheapest form of finance available in Australia.

Sir Charles Court: You cannot get it cheaper than this.

Mr McPHARLIN: We cannot get cheaper finance, and it has been agreed to by the growers. Surely common sense dictates that this is the best way to go about it if the growers are agreeable to it. If there is need for more CBH may have to increase the levies to meet increased costs as indicated in the provisions in the second part of the Bill. CBH would take into account the point the honourable member has made, but we cannot get money more cheaply than under this scheme. There is no better way to do it. If there is any need for increased charges over the years to meet the costs of capital investment and building programmes, CBH would take this into account and would increase the charges with the agreement of those who contribute. I cannot see any problems in that direction.

I think it has been clearly demonstrated that the measure before the House has been well and truly publicised and canvassed among the growers, and that they are in agreement with it. It meets the wishes of the growers, and the directors even went a little further than the growers wanted them to go. I think it is a desirable measure through which to provide the finance the company needs in order to continue with its building programme. The shareholders have said they want the building programme to go ahead and the facilities to be improved.

At the present time there is a great demand for grains throughout the world, and we in this State have never reached the highest possible potential for production. In the year 2000, if we are growing far greater quantities than we are growing at the present time, we will need facilities to handle the production and we must plan ahead for them. This is the thinking of the directors of the company. They wish to plan ahead and proceed with the building programme, and they have it on the best advice that the type of building it is intended to construct meets the requirements of the industry.

I believe the measure before the House meets the wishes of the people associated with the company who have paid their tolls over the years and have seen the company grow. The company has the confidence of 99 per cent of the growers. I do not suppose any company in existence would not be criticised from some quarter. I believe the measure is desirable and I commend it to the House.

Question put and passed.

Bill read a second time.

In Committee

The Chairman of Committees (Mr Thompson) in the Chair; Mr McPharlin (Minister for Agriculture) in charge of the Bill.

Clauses 1 and 2 put and passed.

Clause 3: Sections 34A, 34B and 34C added—

Mr H. D. EVANS: In total, 3 per cent of the growers were referred to in order to see whether this measure was required. In future, the same procedure can be adopted to see whether they are content with a system which in eight of the last 10 years has been the most costly in Australia.

A point in connection with the terminology arises in respect of this clause. In proposed new section 34A the word "growers" is used, and subsequently in proposed new section 34C the word "shareholders" is used. It seems that when discussing special objects we are talking about growers, and when we turn to payments the word "shareholders" becomes the operative word. I do not know whether the reason for this rests with the accounting or recording system of the grain marketing authorities or with CBH itself, but it appears something like that has occurred, or else something is wrong with the Bill.

I also point out that in the past Co-operative Bulk Handling Limited has not made reference to the coarse graingrowers of this State to ascertain what are their specific requirements. CBH has been orientated towards wheat, and if I represented coarse graingrowers I would not feel completely sanguine about the treatment and direction given to that section of the industry. Members on the other side of the Chamber, many of whom represent coarse graingrowers, have not referred to this point and have not endeavoured to ascertain what is the precise situation. If that is a criticism of CBH, so be it; it is a valid criticism.

I seek an explanation from the Minister regarding the use of the word "growers" in line 14 of proposed new section 34A, and the subsequent use of the word "shareholders". There is a difference here because we are talking of shareholders in terms of those who contribute to CBH and who pay levies, whereas the term "grower" may stretch beyond that.

Mr McPHARLIN: The definition of "grower" in the parent Act is as follows—

> "grower" includes the legal personal representative of a deceased person, a trustee, the liquidator of a company, a person entitled to a share of a crop, under a share farming agreement, and a corporation, organisation or body delivering grain to the Company.

The company operates under the co-operative Act, and its memorandum and articles of association define what is a shareholder, and how much grain he must deliver to be a shareholder.

Mr H. D. Evans: Are you satisfied that the two words are completely interchangeable and synonymous?

Mr McPHARLIN: Under the articles of association of the company, yes.

Sir Charles Court: You must also look at section 17 of the Act which refers to polls of growers.

Mr McPHARLIN: Yes, that deals with polls of growers to be taken by secret ballot, and refers to the memorandum or articles of association of the company. I think the parent Act clearly spells out what is required for a person delivering grain to become a shareholder.

Clause put and passed.

Clauses 4 and 5 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 Mr McPharlin (Minister for Agriculture), and transmitted to the Council.

TEACHER EDUCATION ACT AMENDMENT BILL (No. 2)

Receipt and First Reading

Bill received from the Council; and, on motion by Mr Mensaros (Minister for Industrial Development), read a first time.

Second Reading

MR MENSAROS (Floreat—Minister for Industrial Development) [8.21 p.m.]: I move—

> That the Bill be now read a second time.

This Bill seeks to amend section 38 of the principal Act which deals with the constitution of the college boards, and also to amend section 85 of the principal Act to preserve the rights of existing members of college boards.

The Bill provides for the inclusion on college boards of the vice-principal and deputy vice-principal as the chief advisers to the principal on educational matters; fixing the number of members from the general community at four members instead of an indefinite from two to four; the inclusion of a nonacademic staff member on the board; and four members to be appointed by the Minister, thus increasing the board from its present nine to 12 to a new total of 17 to 18.

In the second reading debate on the previous Teacher Education Act Amendment Bill in Parliament, some queries were raised about the hierarchical structure of the colleges and the failure to fill some of the permitted places reserved for representatives of the outside community. As a result of this, the Minister had investigations made into the constitution and working of college boards after their first 12 months of operation since they were originally constituted.

A comparison was made between the governing bodies of other tertiary institutions in Western Australia and the boards of the various teachers' colleges. This has shown that, while the Senate of the University of Western Australia has a total of 26 members, of whom four represent staff, three represent students, six represent the community, together with another six graduate members, two *ex officio* and four co-opted members, and the Western Australian Institute of Technology Council has a total of 17 members, including two staff representatives, two student representatives and five community members, the various teachers' college boards have only nine to 12 members, including five staff representatives and two to four co-opted community members.

The smallest college board has 10 members and the largest 12 members, and one board only recently appointed the two statutory community members so that for much of the year the board consisted of only eight members.

From this analysis it became obvious that the college boards were very much smaller than the governing bodies of other tertiary institutions and were not sufficiently representative if the colleges were to develop into multi-purpose colleges of advanced education as was anticipated in the original Act. As the colleges enter into such fields of training as business, administration, English, social sciences, recreation, community arts, technology, health education, and religious studies, a need is seen to increase the number of community representatives in order to have a wide cross-section of the community represented to assist the staff of the colleges in their deliberations.

This conclusion was reinforced from two other independent directions. A number of community representatives from different college boards have expressed their view that the boards should be encouraged to include more representatives from the community in order to maintain a more reasonable balance between the academic and student side of the college community, and those not directly engaged in the day-to-day business of the college. During a recent visit to Western Australia with other members of the Commission on advanced Education, the deputy chairman of the commission (Dr E. Swinbourne) expressed his hope that the boards as at present constituted in the colleges under legislation were only an interim arrangement and suggested that for the colleges to develop as colleges of advanced education, the community representation should be increased.

One of the characteristics of a college of advanced education is that it is a centre of applied learning and, as such, has a great responsibility to the community it serves; and that the community should have ample opportunity to help in its government. One of the difficulties with community representatives is that of all the members of a board they are the most likely, by force of circumstances, to be absent from a meeting. Thus even a preponderance of community representatives would seldom at any one meeting constitute a majority. We have been made aware, however, of the value of community representatives serving on committees.

It also became apparent that a college board could be entirely dominated by academic staff with no representatives of the higher echelons of the college, other than the principal. Advertisements have been noted for the position of vice-principal at two of the colleges. In one, the first duty mentioned was "To assist in the determination of the broad policy of the college and within such policy to organise and manage the academic programme of the college"; and in the other, "To direct and co-ordinate the work of a senior academic and administrative team responsible for the development and conduct of various programmes in teacher education at both pre-service and in-service levels."

Inquiries showed that the major educational policy team of the colleges was in each case the three principal officers: the principal, vice-principal, and deputy vice-principal. In the absence of the principal, the vice-principal assumes charge of the college and is normally nominated by the council of the authority as acting chairman of the college board. It seemed absurd that a nonmember could be required to step in, sometimes at very short notice, as chairman of the board. It also seemed absurd that the third member of the senior academic and administrative policy team should not be a member of the board.

When recommendations for amendments to the Teacher Education Act were being considered earlier this year, there was a request from the Salaried Officers' Association of the Western Australian Teachers' Colleges that at least one of the five staff members to be elected from, and by, the staff should come from their ranks. At that time it was considered that the colleges should be left as much autonomy as possible to decide the staff representation. However, after the investigation of college boards and their activities, the justice of the previous request was recognised and it is now intended to make provision for representation of "other" or nonacademic staff.

It was further recognised, as a result of the investigation, that the Minister had no power to make any appointments to college boards. It is only by giving such power to the Minister that it would be possible to ensure the balance of the type of community representation needed by a particular college board.

As an example, Churchlands Teachers' College will enter the field of training in business and administration in 1976. Its present community members include a member of Parliament, a bank official, a Deputy Director of Primary Education, and a businessman. Thus, it is probably well equipped to advise on business and administration, but it does not include anyone with legal training, architectural training, or expertise in the field of early childhood education—another area of training undertaken by the college. Graylands Teachers' College Board includes a town planner and architect, a Secondary Superintendent of Education, and the Secretary of the Teachers' Union on the college board. If the college moves to Cockburn, it will be as a multi-purpose college of advanced education, and will need to provide training in technology for the district, fine arts, community arts, and business and administration for the area, with only one vacant place on its board to provide the community knowledge and expertise that will be required. Amongst all of the community board members there is at present only one actively engaged in local government, and a need can be seen to involve local government in the colleges if they are to develop as community colleges as many people hope.

The investigation also looked at allegations made by a member that the colleges were dominated by a hierarchical structure inherited from the old days of the Education Department. We are satisfied that the new structure, where the upper echelon is an educational policy-making team, is quite different from that which existed previously, although the names of the positions may be the same. We have also noted that both the vice principals appointed since the changeover from the Education Department have been drawn from outside the teachers' colleges and that three assistant vice-principals and a deputy vice-principal have also come from outside the teachers' colleges' staff.

The new boards as recommended in this Bill will compare far more favourably with other tertiary institutions in Western Australia.

I commend the Bill to members.

Mr T. D. Evans: Before the Minister sits down, will he tell me why the Minister for Education, this afternoon, gave an assurance that the debate on this Bill would be delayed to give the Academic Staffs Association time to be consulted? Do you know anything about that?

Mr MENSAROS: I have no knowledge of this, Mr Speaker.

Debate adjourned, on motion by Mr A. R. Tonkin.

BILLS (2): RETURNED

1. Education Act Amendment Bill.
2. Pre-School Education Act Amendment Bill.

Bills returned from the Council without amendment.

SKELETON WEED (ERADICATION FUND) BILL

Second Reading

Debate resumed from the 19th November.

MR H. D. EVANS (Warren) [8.34 p.m.]: This Bill proposes to set up a fund, the purpose of which is to eradicate skeleton weed in Western Australia. The model in the corner of the House is rather alarming, but it does indicate the type of difficulty that is encountered by farmers when this weed is found on their properties. It has indeed been found to be a hindrance in agricultural operations. The weed has a tremendous survival capacity and the seed and tubers, ligmitic portions of which may be left in the ground by pulling at the weed, generate a new plant. It is difficult to see the plant until harvesting time and, as a consequence, it can be readily established.

If it does establish itself—which it could well do in the next three years—then I suspect we would never be in a position to get rid of it. We would probably have to depend on changed methods of husbandry and cultivation as have pertained in the Eastern States where the pest has become well established.

The cost of this weed to the trust the Minister referred to in his speech, will be something of the order of $30 million and this comes about not only through loss of yield—and the loss is quite considerable in any affected area—but also through the cost of spraying and the use of eradication methods in accordance with individual farm management programmes. Even the cost of the spray can get up to something of the order of a minimum of $4 an acre and such cost, at a time when costs stand as they are, is to be avoided if at all possible.

The levy itself is a flat $30 on commercial growers; those who produce over a stipulated number of tonnes. I can appreciate the difficulty in trying to generate funds for this specific purpose, and it would seem that if a charge is made on a bushellage basis, a levy on production would constitute an excise which would conflict with the Australian Constitution.

It would appear, then, that the only alternative is a fixed charge. But here again a fixed charge has considerable anomalies, the first of which would possibly be that it appears the first two charges will be made virtually in the first six months of the operation. The operation will extend over three years, and, according to a reading of the Bill, two charges

will be made in the first six months of next year. I do not know whether that has been brought out, but it appears to be a requirement of the payment.

The anomalies that will arise cannot be disregarded. The charge is a flat one and applies to all farms that produce over 30 tonnes. This, of course, means that someone who is producing in a large way is paying the same amount as a new land farmer who has been on a restricted quota. I presume, too, it would take in coarse grain-growers who produce a moderate bushellage. Therefore the scheme would have the anomaly in regard to the size of the producer and the size of the area involved and it also appears that no account is taken of the fact that sheep could literally be involved in the spread of a plant such as skeleton weed, although, naturally enough, all weeds are spread in this fashion. However, morally or otherwise, it does involve sheep farmers in the same way as grain farmers who will have to share the responsibility that some cost must necessarily be incurred. This is a matter that is weighed in the balance.

The alternative—and it is probably a large one in terms of concept—might be the re-establishment of a levy something similar to the noxious weed and vermin taxes that were removed in 1970. Although these pieces of legislation at that time drew some caustic comment because they were based on the unimproved capital value, there was a tremendous differentiation in the charges made which were a source of concern and annoyance to individual farmers. One farmer who was conscientious in his efforts would be paying far more than a farmer in a neighbouring shire where valuations were low and the husbandry of the particular individual farmer in that shire possibly left much to be desired.

That was the kind of disputation and area of abrasion that existed with those two pieces of legislation. However, they did have a possible advantage. If we are to restrict, by this measure, the growth of skeleton weed alone, in the course of time it may prove to be inadequate. It could well be that a Bill with much wider provisions could be found to be necessary because such things as Bathurst burr and ryegrass toxicity in the great southern area are presenting considerable concern at the moment. Therefore with an established tax that would generate a fund to meet eradication costs and compensation payments for skeleton weed, the fund could be extended to cover ryegrass toxicity and other pests. The area that was responsible for the toxic effect of ryegrass has been isolated, but it will be some considerable time before the eradication methods can be finalised and, in the meantime, considerable losses could occur in the great southern and the southern coastal regions of the State.

The possiblity of the prospect of extending the field of operation of this Bill is one that could well be considered. However no matter what method is undertaken to raise fees there will be an area of conflict somewhere. I would be interested to learn whether the Minister took the approach he was accustomed to taking when in Opposition; that is, of insisting on the holding of referendums to ascertain whether farmers agree to the introduction of such an impost, whether he considered a reference to organisations sufficient, or, alternatively, whether 3 per cent of the primary producers being in agreement with the scheme was sufficient justification to take action. It will be of interest to learn that from the Minister.

Whilst I indicate the anomalies that will exist, it would be very difficult to offer any suggestion that will minimise or even lessen these difficulties. Consideration should be given to which is the lesser of the two evils; whether a separate vermin or noxious weed tax should be levied, or a straight-out charge of $30 should be made. In balance, I feel that possibly the re-implementation of the tax, having regard to the complete coverage that would be achieved in the long term, would be the better course to take, but it would need a good deal of examination and probably there is not sufficient time, with the season coming on, to make such an examination, because a move must be made as soon as possible.

The compensation provision is a sound one, because it will encourage those who otherwise would not trouble to report an infestation of the weed on their properties to do so. I am not certain of the veracity of the assertion, but I have heard it said that some farmers, even knowing skeleton weed to be growing on their properties, have continued to harvest rather than report the infestation and possibly have to undergo quarantine with the resultant loss of crop. To some degree possibly this will be obviated if compensation is payable and a farmer knows he will not suffer financially if he reports an infestation of skeleton weed. The processes for the assessment of compensation have been set out in the Bill and they appear to satisfy the requirements.

While we can indicate the anomalies that exist, we still go along with the Bill, as it is the only practical way to generate the funds that are required to provide what is, in effect, an insurance policy to the grain-growing industry in Western Australia; it could ultimately be the means of saving the State many millions of dollars in revenue.

MR COWAN (Merredin-Yilgarn) [8.46 p.m.]: As a resident of the area in which the most severe outbreak of skeleton weed in the State has occurred I feel obliged to speak to the Bill. I should point out that the model displayed in the Chamber is a reasonable model of skeleton weed.

However, I have never seen two plants exactly alike. The only criticism I have of the model is that the flowers are too large. On an actual plant the flowers would be half the size of those indicated on the model.

I have seen skeleton weed in the Narembeen district growing over an area which is large enough to give producers an indication of the effect that weed has on the cereal-producing industry in Western Australia. The Agriculture Protection Board has said that skeleton weed affects grain production by reducing the yield by about 40 per cent. In my opinion that is a gross under-estimation. I saw a crop last year which would average about 25 bushels an acre, but in the area affected by skeleton weed the yield would average only three bushels an acre. When efforts were made to burn the weed there was not enough straw on the ground to burn it, so the area was sprayed with diesel oil to burn out the weed. Skeleton weed has to be destroyed totally; there is no question about this.

For that reason I support the Bill which seeks to establish a fund for the eradication of skeleton weed. It has also been stated that this is a fund to provide compensation to growers. There is one instance in the State of a grower who destroyed some grain that was thought to contain skeleton weed seed. I notice that the first levy to establish the fund will be made on grain produced in the 1973-74 season, but the amount is to be levied on payments that are yet to be made to growers.

What I want to know is this: Will compensation be paid to the grower I have mentioned? He destroyed the grain in the crop he produced last year. As he is to pay the first levy based on last year's crop will he be compensated? With those comments I support the Bill fully.

MR JAMIESON (Welshpool—Deputy Leader of the Opposition) [8.48 p.m.]: Far too often we find that when unwanted weeds, such as skeleton weed, infest Western Australia the Agriculture Protection Board does not seem to be overkeen on moving into the metropolitan area to ensure that the weed is suppressed completely in this region. It would be possible for that board to adopt a fair method: once an area is accepted as being a potential host to a noxious weed, it should impose some form of tax on the land in the area.

This matter should be watched very closely. In these days with fast road transport, and in view of the nature of the seed of skeleton weed—I have not handled it, but from descriptions I have read it is about a half centimetre long and blows away on a parachute attachment which has some small teeth—its spread could be quite rapid. I imagine the seed would cling to almost anything.

If the seed got onto vehicles in the metropolitan area it is pounds to peanuts that when the vehicle moves into the country the seed will blow off, and thus infestation will occur in the country districts.

Obviously in the metropolitan area we would not see this weed growing three feet out of the ground. However, the Agriculture Protection Board or other boards under the jurisdiction of the Department of Agriculture which are responsible for the control of other pests, such as Argentine ants, could be made aware of the nature of skeleton weed, so that when they carry out eradication programmes they will be on the watch for the infestation of skeleton weed in the metropolitan area. If the weed does spread in the metropolitan area it will be very difficult to control its spread to country areas.

A problem will arise because of the structure of the seed. In the case of Scotch thistle or more correctly wild artichoke the seed is a much heavier type than skeleton weed seed. In South Australia if one is on top of a tall building one can see the seed of the wild artichoke floating past. Under favourable circumstances the seed can be carried by the wind for a hundred miles. In the case of skeleton weed, if the seed is carried into the atmosphere by a vortex it can be spread in any direction.

Due to the location of the areas where skeleton weed has been found, a suggestion has been made that the seed has been brought into the State by aircraft. It is said that the seed has got into the wheel compartments of aircraft from the Eastern States. These compartments open when the aircraft reach the Northam area, and the seed drifts from the aircraft in the direction of the prevailing wind.

It will not be easy to control the spread of the weed. If it becomes established in the State every effort should be made to eradicate it; efforts should not be made in one area only. I suggest that pamphlets such as the one before me should be made available to people at the offices of local authorities in the metropolitan area, to ensure that people will recognise the weed when they see it; and displays of the coloured diagrams, such as the one in the lobby of Parliament House, should be put before the public. These pamphlets and displays are invaluable in the education of the public, and the more they are put before the people the greater is the possibility of their becoming familiarised with the weed. If people are able to recognise the weed then we will go a long way towards bringing about its eradication. If that is not done then in the future we will be faced with greater and greater costs in controlling the weed. This goes back to

the suggestion I made in my opening remarks: some form of tax on land in areas affected by the weed or where the weed is known to exist will have to be imposed.

With those remarks I support the Bill.

MR McPHARLIN (Mt. Marshall—Minister for Agriculture) [8.54 p.m.]: I thank the three members who have spoken to the Bill. They have shown concern at the likelihood of the spread and effect of this very troublesome weed. The imposition of a levy of $30 on each graingrower has been suggested; that is, this levy be imposed on growers who produce 1 000 bushels or more of grain in the 1973-74, the 1974-75, and the 1975-76 seasons. It is not intended that the levy should apply beyond that period.

The methods used to apply the levy to raise the required amount of money have been investigated thoroughly. We found it was not possible to apply it on a pro rata basis, such as a levy of $10 on a grower producing 1 000 bushels and $50 on a grower producing 50 000 bushels, because under Commonwealth laws such a levy would be regarded as a form of excise. As a State we cannot impose any form of excise. The only way open to us was to fix an amount to be levied on each grower who produces over a given quantity, and the quantity has been fixed at 1 000 bushels.

One point made by the member for Warren is that when the Bill becomes operative a charge will be made on the income derived in the 1973-74 year, and another charge will be made for the year ending the 30th June, 1975. He said this would amount to two levies in a short period of time. I agree, but that is unavoidable because of the time factor.

Regarding the collection of the levy, Co-operative Bulk Handling has been appointed the principal collecting agent. Under the Wheat Stabilization Act it is not allowed to collect the money from the first advance to growers, but only from subsequent advances. It will be left to the company to decide from which advance the levy will be paid. The money will be paid into a fund, and the fund will be used by the Agriculture Protection Board for the eradication—not the control—of skeleton weed. The desire is that the weed be destroyed completely.

In this regard the planning of the Agriculture Protection Board has been very comprehensive. In the last two days its officers have been on properties in the Narembeen district on inspection for the purpose of locating and eradicating the weed. Another outbreak of skeleton weed has been discovered in the Pithara district, and yet another in the Geraldton district. Large numbers of farmers have been offering their services to help in the eradication of the weed. That is the sort or response we get from the farmers, because they realise the seriousness of the problem.

A very comprehensive advertising campaign has been launched. At every agricultural show I attended and even at the Royal Show diagrams and models were shown to the public. Furthermore, officers of the board were on hand to talk to people who were concerned about the problem. Pamphlets were distributed. Many people obtained pamphlets such as the one I am holding in my hand at the Royal Show, and these have been the means of informing the public.

If there is a need to promote additional advertising, such as through the distribution of pamphlets and other avenues, the matter will be attended to. I shall give consideration to see how far such advertising could be extended, and whether there is a need to go further than we have at this stage.

Some comment has been made on the publicity that had been given to the weed, and on the agreement that has been reached among the growers relating to the levy. The proposal for a levy has been publicised in the news media in all areas of the State. Objections have been received here, particularly from small farmers to the effect that the method of levying was inequitable. Representatives of the Farmers' Union have been to the areas where complaints have been made; after they talked to the farmers, the farmers agreed that something had to be done. They also agreed that a levy of $30 to eradicate skeleton weed, which might not be on the property of a person paying the levy, was not too much to ask of all grain producers. They thought it was better to fight the weed on somebody else's property rather than on their own where it would inevitably cost much more.

The member for Merredin-Yilgarn who farms at Narembeen has had practical experience of seeing the effect of skeleton weed on crops. He made a very telling point when he said that this weed could reduce the yield by much more than 40 per cent. That shows how dangerous is the effect of the weed, and how much it could cost the graingrowing industry if we did not work hard to eradicate it.

I think that will be the attitude of most people who contribute to the fund. I am sure they will be prepared to contribute in order to eradicate the weed.

The other point raised was with regard to the proposed compensation to be paid to those whose crops will have to be burnt or destroyed because of infestation. It is proposed that compensation will be paid to those who suffer in that way. The member for Merredin-Yilgarn asked whether compensation would be paid to any grower who suffered during the last season, because the levy will be on the 1973-74 crop. The purpose of the fund is to eradicate weed in the future, and the interpretation regarding compensation is not

meant to apply retrospectively to growers who lost grain or crops during last season.

The Deputy Leader of the Opposition remarked that there seemed to be some reluctance on the part of the Agriculture Protection Board to operate in the metropolitan area. I believe people have a responsibility to keep their eyes open for any troublesome weeds which may appear. We cannot expect officers to cover every square acre, or every square metre. From time to time it has been proved, that that is not possible and I refer to the outbreak of Noogoora burr which occurred at Wanneroo not so long ago. That weed was discovered over a fairly large area, and no-one seemed to know about it.

If people are aware of what to look for they will contribute towards our efforts to keep weeds out of the State. The more we can advertise dangerous weeds the more chance there will be of people reporting them when they observe an outbreak. If an outbreak is reported an officer from the Department of Agriculture will inspect the area to determine whether or not it is skeleton weed.

I thank those members who have supported the Bill and commend the second reading.

Question put and passed.

Bill read a second time.

In Committee

The Chairman of Committees (Mr Thompson) in the Chair; Mr McPharlin (Minister for Agriculture) in charge of the Bill.

Clauses 1 to 8 put and passed.

Clause 9: Liability of grower to pay contribution—

Mr H. D. EVANS: In the first clauses of the Bill the word "grower" appears, with regard to liability. However, in the subsequent clauses of the Bill, regarding compensation or limitation of compensation, the word "owner" is used. The definitions do not appear to be synonymous. There must be a reason for the distinction, and there is probably an explanation, but I would be interested to know what it is.

Mr McPHARLIN: I checked this difference with the Crown Law Department. The deduction shall be made from the grower who delivers 30 or more tonnes of seed or grain, and the definition of "owner" was included for the particular purpose of compensation. For the purposes of deductions, they will be made from the grower, but for the purposes of assessing compensation, the reference is to the owner. That is the explanation given to me by the Crown Law Department.

Clause put and passed.

Clauses 10 to 18 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 Mr McPharlin (Minister for Agriculture), and transmitted to the Council.

WUNDOWIE CHARCOAL IRON INDUSTRY SALE AGREEMENT BILL

Second Reading

Debate resumed from the 21st November.

MR McIVER (Avon) [9.08 p.m.]: This Bill seeks parliamentary approval of an agreement made by the Government, on behalf of the State, with Agnew Clough Limited and Mt. Dempster Pty. Ltd. In my opinion it is one of the most important pieces of legislation to come before this House and I condemn the Government for introducing it at this late stage of the session.

It was quite obvious to us on this side of the House that once the Liberal Party became the Government it could not move quickly enough to get rid of the Charcoal Iron and Steel Industry at Wundowie. This is the second attempt by a Liberal Party Government to sell the industry, and we express our opposition to the proposal now before us.

Mr Thompson: Does the honourable member think he reflects the attitude of the people at Wundowie?

Mr McIVER: I am also concerned that with the introduction of such important legislation the Premier, and the Minister for Industrial Development, have not bothered to visit Wundowie and have a look at the situation firsthand. They are dealing with the position in an abstract manner. Many years have passed since the Premier visited Wundowie, and the situation has changed dramatically in that time. However, we all know the opinion of the Premier with regard to the Charcoal Iron and Steel Industry, and we also know the attitude of his party. That attitude has been adopted since the inception of the industry.

I am particularly surprised at the attitude of the Minister for Industrial Development who, I thought, was showing some signs of interest in the development of Western Australia. As the area in question is only 40 miles from Perth, and an additional $12 million industry is to develop —besides the present industry—I thought the Minister would have shown more interest and at least discussed the proposal with the management and the senior officers engaged in the industry. I sincerely trust that in the near future the Minister will avail himself of the opportunity to look at the area because the problems associated with it cannot be assessed

from discussing an agreement in this House. I think I am justified in criticising the Premier and the Minister for Industrial Development in this regard.

I am delighted that in the present situation the industry at Wundowie will not be given away, as was proposed with regard to the ANI company which, in my opinion is the poorest representative of private enterprise one could find.

Sir Charles Court: It is a great Australian company.

Mr McIVER: That may be so, but it made a very poor showing with regard to Wundowie. If the Premier will be patient I will give my reasons for that statement, and I will most certainly substantiate it.

Mr Thompson: Your remarks do not say much for Wundowie.

Mr McIVER: I say to the member who has interjected—as I had to say to the former member for Bunbury—that he, too, should have a look at the industry to see what goes on. Then I might listen to his interjections.

Mr Thompson: I have spent a little time there.

Mr McIVER: I feel it is necessary to provide some background to the Wundowie Charcoal Iron and Steel Industry so that members will have some appreciation of what has taken place, and how the industry was started. Of course, the industry was initiated during the war years when it became imperative, in order to provide materials for the foundries of Western Australia, to examine the prospect of producing pig iron and steel in Western Australia. One of the major barriers facing the Government of the day, and those responsible for the early planning of the industry, was a suitable fuel. We are all aware that Western Australia is endowed with high-grade ore, but we do not have coking coal. After many months of deliberations and discussions it was decided to erect a pilot plant at Wundowie.

At this stage I feel I must pay tribute to some of those who made the industry possible. Firstly, I will refer to my predecessor and a former Premier (the Hon. A. R. G. Hawke) whose drive and energy contributed to the establishment of the industry. Others who were just as enthusiastic during that era were the Director of Industrial Development of the day (Mr Norman Fernie); the State Mining Engineer (Mr Richard Wilson); the Utilisation Officer of the Forests Department (Mr Harris); and the Government Mineralogist (Mr Harry Boland).

These men spent many hours investigating the concept of a charcoal iron industry, and eventually a decision was made to establish the plant at Wundowie. It is quite obvious that the decision to commence the pilot plant at Wundowie was influenced by the fact that the works would be adjacent to the major east-west rail link, they could be supplied adequately and easily with water from the goldfields water scheme, and also—perhaps the most important reason—the development was on the edge of the hardwood forest, timber being the life blood of the industry. Although this area had been cut over many times by sawmillers, the Forests Department reported at that time that there was sufficient timber for 50 years of operation of the pilot plant.

We all know what happened. There was strong opposition to the pilot plant, and even after it became operational it had to run the gauntlet of a Royal Commission. However, the Royal Commissioner, himself an engineer, supported strongly the recommendations and the action that had been taken. So the largest decentralised industry at that time in Western Australia was commenced at Wundowie, and this was in 1943.

Naturally problems arose in the initial stages. Here was a new industrial concept for the production of pig iron; the first production was conducted on a trial-and-error basis. We must not forget the part that Wundowie played in the development of Western Australia. It provided a training ground for men who later used their technical knowledge at the BP refinery. If we looked around Australia today, we would find many people who undertook their basic training in Wundowie are employed in the power houses of the north and the steel complex at Kwinana. So I repeat my statement that these works played a very prominent part in the development of the State.

Of course the company had its staff problems. On some occasions it would train personnel only to lose them to other industries because of the attraction of higher rates of pay as well as other conditions of service. There was a continual exodus of employees, and this fact alone accounted for the unfavourable reports in the early stages of the industry. Then the industry received the greatest blow of all—there was a change of Government in 1959. Because of the philosophies of the new Government, it was not long before the works were sold to the first company which would take over—as it was claimed —a liability.

Mr Thompson: Did you say they gave it away?

Mr McIVER: That is quite right; the honourable member has saved my saying so. The agreement negotiated at that time was a very loosely formulated document. It is very pleasing to see this mistake has not been repeated in the present agreement. I must say once again that it is useless our putting up any argument in regard to the agreement because before us is a signed and sealed document—it is a *fait accompli*. All we can do now is to

appeal to the Minister and the Government to renegotiate some of the clauses of the agreement with which the Opposition is not entirely happy.

If we look at the debates which took place at that time, we see that history has proved us to be correct. Members who were here then will remember that ANI —the company concerned—wanted the Government to construct a certain type of foundry. Had the Government of the day agreed to this, the situation in Wundowie would be much better than it is today. However, the then Government claimed it was not on to construct such a foundry. It claimed that the expenses of constructing a foundry of the dimensions required would be most uneconomical. So the foundry was not constructed, although in the agreement ANI was requested to construct a foundry from its own resources.

I now come back to the statement I made previously which caused the Premier to interject. When ANI took over the Wundowie works, its representatives had no knowledge of the particular industry of charcoal iron, and no idea of what was required. The people's money was wasted extravagantly while this private enterprise company was in charge of the works. In fact, ANI wasted £175 000, which was the currency of that time.

It is a well-known fact that company representatives came here from the Eastern States, booked into the largest hotels for their conferences and discussions, and charged all that to expenditure of the works. Not satisfied with that, tours were arranged overseas on the pretext of these men gaining technical knowledge of the iron ore industry—once again at the expense of the industry. They gained no markets. These were very black days for the people of Wundowie.

I come back now to the interjection made earlier by the member for Kalamunda. He asked me what the people of Wundowie think of this agreement. I can answer his question, because these people have expressed a great deal of concern. The previous experience has left them with a bad taste in their mouths, and they do not want to repeat the experience.

Mr Thompson: Do you say they would sooner see the deal fall through?

Mr McIVER: I did not say that. The member for Kalamunda asked me how these people feel, and I am telling him. He will learn more if he sits back patiently and listens.

At the time ANI took over the Wundowie works, this heading appeared in the Press, "Wundowie waits for an answer; the town that is bewildered and bitter." Many of the people who were in the town then are still living there. They want assurances that their employment is secure, and that they will not lose their long service leave and annual leave entitlements. They want to know whether the conditions will be the same when the company takes over. I sincerely trust that will be the case. I do not think there is any need to doubt the word of the company at this stage, and we have been told that it will abide by the terms of the agreement. I have had many discussions with representatives of this company, and I am satisfied they will do everything in their power to meet the requirements of the union. I will come to this point later.

With your indulgence, Mr Speaker, I will quote from a circular sent out to the employees of the factory. It reads—

> Agreement has been reached between the Government and Agnew Clough Pty. Ltd. on the sale of the Industry which, as you are aware, has been under negotiation for the past several months.
>
> The Agreement makes development of the nearby vanadium deposits a condition of the sale and the Company has plans to greatly expand pigiron output from the existing plant.
>
> A Bill to ratify the Agreement will be introduced to Parliament shortly, and it is hoped to have the resulting Act proclaimed in time to allow the company to officially take over as from 1st January, 1975.

And this is the relevant part—

> As far as you personally are concerned, your accrued interests such as Annual Leave, Long Service Leave and Sick Leave entitlements will be fully protected. You will be offered employment with the company. Meetings are being arranged with the union representing you to work out the details of the change-over and offers for reemployment which will be sent out in the near future.

That letter spelt out loudly and clearly that the company is keen to retain the present work force and I trust that the negotiations taking place now between the union, the Minister, and the company, will be amicable.

I feel that the industry will be a most exciting one indeed, and most certainly one that the people of the district look forward to with enthusiasm. I will discuss the reasons for this at a later stage.

It was quite obvious, even, no doubt, to the Government, that ANI made a complete failure of Wundowie. So in 1967 the Government renegotiated with the company to take over the works. I now want to refer to Press statements at that time. On the 27th April, 1967, the former Premier (Sir David Brand) had this to say—

> Mr Brand said yesterday that since the agreement had been made the economics of pig-iron production had deteriorated—

No wonder it deteriorated. With the people who were handling the situation, anything would have deteriorated.

Sir Charles Court: You are being quite unfair.

Mr McIVER: To continue—

> —and it was no longer an advantage to have a big permanent commitment to a consumer like the proposed A.N.I. foundry.
>
> "This would have faced us with the prospect of unmanageable losses from which we could not withdraw," he said.

The then Premier felt that these losses could not be accepted because of the State's constant need for adequate funds for schools, housing, hospitals, water supplies, and other basic facilities.

The other point I wish to make is that the then Premier went on to say that a subsidy of $250 000 was needed, plus a further $250 000 for capital expenditure. That never came to pass. Since the State Government took it over, Wundowie Charcoal Iron and Steel has not cost the Government one cent. So the statement made at that particular time by the Premier was rubbish.

Sir Charles Court: It was not rubbish—it was based on an entirely different level of production.

Mr McIVER: Let us look at the level of production.

Sir Charles Court: What you are saying of the ANI period is completely off the beam. It is a pity you did not talk to the manager about it.

Mr McIVER: It was felt that this would not be a viable proposition. I would like to quote the revenue from the foundry from 1966 to the financial year of 1973-74.

I refer to revenue, not expenditure. It was as follows—

	$
1966-67	67 361
1967-68	197 178
1968-69	276 754
1969-70	445 047
1970-71	442 497
1971-72	628 895
1972-73	477 490
1973-74	595 747

That is not a bad revenue for a company that is not viable.

The Premier stated in his Press release that the company would be limited to an annual production of 50 000 tonnes. The following statistics relate to the company's production since 1967: 1967-68, 60 000 tons; 1968-69, 58 724 tons; 1969-70, 62 822 tons; 1970-71, 61 467 tons; 1971-72, 60 661 tons; 1972-73, 59 658 tons; and 1973-74, 55 630 tonnes. I emphasise these figures because they clearly indicate that the Government is well off the mark in relation to the production record of Wundowie.

No industry can operate without an effective work force and in this respect I should mention the part played by the general manager (Mr Constantine) and the other personnel at Wundowie since the inception of this very important industry. Mr Constantine has been at Wundowie practically since its inception. His dedication and loyalty to the industry and the Government is commendable. He has made several overseas trips to renegotiate markets.

We must remember that one of the greatest problems faced by Wundowie is that because the industry is 90 per cent export, it must compete on the world market with other countries producing charcoal iron of a similar quality to that produced at Wundowie. So, it is not an easy matter to negotiate markets. His technological knowledge certainly has been of great advantage to the industry and I commend the company taking over the industry for seeing fit to retain Mr Constantine as general manager because his knowledge of the concept of charcoal iron and the industry generally will be of great benefit to the company in the initial stages of the takeover.

One of the personal achievements of Mr Constantine followed the devaluation of the Australian dollar, which hit the economy of Wundowie because its agreements—mostly with the Japanese—were tied to American currency. Of course, it was up to Mr Constantine to renegotiate with the Japanese and, as we all realise, the Japanese are not easy people to negotiate with. However, not only did he renegotiate prices; he was also successful in obtaining further markets and, as a result, from the following year up to the present, an increased quantity of pig iron has flowed from Wundowie to Japan.

Next in line at Wundowie is the production manager (Mr Jim Benzey), and others. I do not think it is necessary to name them all; however, I feel these men will be of value to Agnew Clough Limited when it takes over at Wundowie because they are very loyal servants and, most important of all, they have the know-how accumulated over years of training at Wundowie.

I should also like to mention the work force generally; I refer now, of course, to the employees. Industrial stoppages at Wundowie have been practically nonexistent. In fact, the first and only industrial stoppage was in relation to the fuel and energy Bill, when all major unions ordered their members to stop work for 24 hours in opposition to that legislation which was then being considered by Parliament. That was the only time since 1943 that an industrial stoppage occurred.

When we take into consideration that over 400 workers are employed at Wundowie in all facets of the industry, such as in the timber section, around the blast furnaces, in the acid plant and elsewhere, from the lowest paid junior worker to the most senior company official, I think it

can be said that this is indeed a fine record and clearly indicates what can be achieved through a little sensible discussion and a responsible attitude between employees and employers.

I have no hesitation in saying that if we can achieve these results at Wundowie, we could do the same in the other mining complexes in the north. I am delighted to report to Parliament that I have been informed by the AWU that Agnew Clough has a splendid record in the field of industrial relations. Officials of the union have been very satisfied with submissions put forward by that company relating to the big mining complexes in the north-west of the State. This is gratifying news; it is quite apparent that the industrial record of Wundowie will continue in the same vein. This is why I emphasise that the situation in relation to entitlements should be resolved as quickly as possible to the satisfaction of both parties.

Members should know with whom the Government has been dealing. It has been dealing with the firm of Agnew Clough Limited, which is held in very high esteem in Western Australia and which, over the years, has been awarded a number of very important contracts and, certainly, has made a valuable contribution towards the development of Western Australia. For the benefit of members, I should like to refer to some of the contracts awarded to this firm.

I refer firstly to the National Mutual Life Association building contract, awarded to the company in 1959; it was worth $1 million. In 1960, the company constructed the Narrows Bridge, something we all see every day when travelling to this place; the contract was worth $2 800 000. The company has also won contracts in the northern part of the State. It constructed silo foundations at Geraldton to the value of $240 000. This was a very important contract. It also constructed the Dongara service jetty, at a cost of $32 000. And of course, it constructed what we all gazed upon in admiration during our recent trip to the north of the State—the Ord River Dam, to a value of $6 million.

The company was also involved in construction on the standard gauge railway project; I refer particularly to its construction of bridges and culverts on the project to a value of $556 000. One could go on quoting contracts awarded to this company. So, it can be seen that we are dealing with people of substance, who know where they are going. In this light, we should think carefully about recent statements that Western Australia and other Australian States do not offer inducement to private enterprise.

The venture is a gamble, because we live in a changing world and we are dealing with changing markets; we do not know what lies ahead. Yet here we have a company prepared to take on this venture at Coates Siding and provide not only for itself but also for the industry at Wundowie a greater economic stability. As I said earlier, it is very pleasing that we are dealing with people such as this and that we will not have a repetition of the previously loosely-worded agreement.

We should also look at what the company proposes to do because to date we have heard varying statements on this matter; there has been a diversity of news relating to the Coates mining venture. I do not propose to provide the House with all the technical details down to crossing the "t's" and dotting the "i's"; I am not a mining engineer and I do not know all the technicalities involved. However, I do know basically what will take place and, as I said, it sounds very encouraging and interesting. For the benefit of members, vanadium is a metal used to add strength to steel. When we consider the demand for steel today, it can certainly be assumed that vanadium will also be in big demand despite fluctuating prices.

With your permission, Mr Speaker, I should like to lay on the Table of the House some samples of vanadium pentoxide, which is the completed, processed material. Members will be able to look at the samples at their leisure.

The sample was placed on the Table of the House.

Mr McIVER: Thank you, Mr Speaker. I point out to members that this is the finished product, which is exported in 100 lb lots.

Mr A. R. Tonkin: It is a bit better than putting chickens on the table, anyway.

Mr McIVER: The raw ore will be crushed at the mine site and transported to the processing plant to be constructed in the vicinity of the blast furnace at Wundowie itself. I will not bore members with all the details relating to its purification, but after a sophisticated process the finished product emerges in a form similar to the material I placed on the Table of the House. The vanadium pentoxide is then packed for export.

It is the intention of the company when the project is in full operation to produce 100 times more vanadium than any other industry in Australia produces. In essence it will have the largest vanadium producing plant in the country. Naturally, as member for the district, I am delighted that such an operation will take place; I would be a hypocrite if I said anything to the contrary.

I would point out to the Minister that we are anxious to negotiate with him and the company in relation to the conditions that are to apply to the employees engaged in the industry. We are looking for stability in employment, and the safeguarding of entitlements. What we are seeking is that in the first 12 months of the operations—that is, the testing period when the company must break the ground—the staff

and the employees receive the same entitlement as they now receive. The first 12 months of operations will decide whether or not the venture will be a success. If the company finds at the end of the period that it cannot carry on the project then it reverts to the State. This is a safeguarding provision.

We would like the Minister to discuss that aspect in depth with the company concerned; that for the first 12 months the entitlements of the employees will be looked after in the same way as they are under a Government-controlled industry. I refer, for example, to the methods of superannuation. Of course, a Government superannuation scheme is far superior to those of several companies I know. I am now speaking on behalf of the staff members, and they are genuinely concerned about the payout under their superannuation rights.

As the Bill was introduced on Thursday last, we have not had adequate time to resolve these important factors. Perhaps they are not important to you, Mr Speaker, or to me, but they are important to those who have contributed their services to the industry since its inception. This is the only major problem that we have to resolve in respect of the agreement before the House.

Surely these people are deserving of some consideration. They have given loyal service to the Government since 1943, so in 1975 they should not be regarded merely as numbers on a time sheet. They are deserving of something of benefit to them. These employees are still sore about the attitude of the Government when it handed over the company to ANI. On this occasion the purchasers of the project are getting an extremely good deal, because the purchase price is $395 000 payable over a period of six years.

Mr Mensaros: The amount is only $395 000 in your book.

Mr McIVER: I am fully aware of the implications of the liabilities of the project.

Mr Mensaros: Would you give specific details of the assurances you are seeking? You only referred to superannuation, but that affects very few of the employees. What other assurances do you need?

Mr McIVER: I was referring to long service leave, accrued sick leave, and other benefits in respect of which provision has been made, as they appear in the liabilities statement of the company. The employees want an additional assurance from the Minister and the company concerned that consideration will be given to these factors. That is the only major barrier which faces the employees. If the Minister can give them such an assurance they will be prepared to go full steam ahead in the project.

We would also like clarification on the rail freight subsidy. Last year the amount was $223 500. We see in the agreement that this is to continue for a period with the amount not exceeding $200 000. We want to know the reason for the continuation of the rail freight subsidy. Last year the amount was $223 500. We see in the agreement that this is to continue for a period with the amount not exceeding $200 000. We want to know the reason for the continuation of the rail freight subsidy.

On behalf of the Shire of Northam I wish to raise the matter of housing, and this is covered by clause 11 of the agreement which states—

> 11. The State recognises that there is now a demand by Industry employees for additional houses at Wundowie and that the development and treatment of ore from the Mineral Claims the subsequent integration of those operations with the Industry and the installation at the Industry of electric furnace capacity will each result in further demands for additional housing within the existing boundaries of the Wundowie townsite.

When the Wundowie townsite was established in 1943 not much importance was placed on the protection of the environment. Of course there was then no thought of pollution and the like. For that reason the townsite was established right next to the industry. This is a most unsatisfactory state of affairs, but we all learn from our mistakes. It would have been far better for the people of the town and for the industry itself had the houses not been built on their present location.

In the past two years discussions have been held with the Shire of Northam relating to the building of houses at Wundowie on land which it is considered would be more beneficial to the shire and to the occupiers. I understand from the agreement that the industry will be expanded and that as a consequence more noise and pollution will be created.

Perhaps it is possible to overcome that aspect of pollution. The present problems exist as a result of shortsightedness on the part of the industry and the parties concerned in the past. I would ask the Minister to inquire whether the Shire of Northam will be consulted when it is proposed that houses be built for the employees of the industry.

I now refer to the question of local government rates. The Wundowie industry is rated on the annual rental basis, but under the agreement the rating is to be on the unimproved value. I would also ask the Minister to clarify this point when he replies, for the benefit of the Shire of Northam.

Still on the question of rating, I refer to clause 12 of the agreement contained in the Bill. This states—

Subject to clause 14 hereof the State—

(c) will ensure that the valuation of the Company's land (except as to any part upon which a permanent residence shall be erected) shall for rating purposes under the Local Government Act 1960 be deemed to be on the unimproved value thereof and no such lands shall be subject of any discriminatory rate.

We would like some elaboration from the Minister on that particular provision in the agreement. I also refer to clause 12 (b) which states—

(b) will not impose nor permit nor authorise any of its agencies or instrumentalities or any local or other authority of the State to impose discriminatory taxes rates or charges of any nature whatsoever on or in respect of the Company's land the titles property or other assets products materials or services used or produced by or through the operations of the Company or Mt. Dempster in the production of pig iron and steel and of vanadium pentoxide and ferro alloys;

The shire seeks some clarification on this point. It is thought that this provision would prohibit the shire from implementing changes in extractive industries under its by-laws.

In relation to mineral leases and timber cutting leases, do the words in the agreement mean what they imply? Will the shire receive any revenue from these mineral leases or timber cutting leases? I am raising these points on behalf of the Shire of Northam, and seek clarification from the Minister.

I have covered the aspects of the agreement I have examined, although I repeat that I have not been provided with adequate time to make an exhaustive study of a piece of legislation as important as this one. As far as the Premier is concerned, I know that what I am saying is going in one ear and out the other.

Sir Charles Court: No, I have been listening intently.

Mr McIVER: If during the time when the present Premier was Minister for Industrial Development in the Brand Government, he had made Government funds available to the Wundowie industry, when it was a babe in the woods crying out for someone to look after it, the revenue to the State today from this industry would no doubt make the Under-Treasurer very happy.

Sir Charles Court: The Brand Government saved Wundowie at a time when it had no economic future.

Mr McIVER: No doubt the Premier will be speaking in the debate on the Bill. I would like to hear his reasons for the statement he has made, because it does not add up to the facts I have collated. These facts are authentic; they have not been taken from Government documents, but from people who have been associated with the industry since its inception and from the balance sheets of the industry.

Sir Charles Court: Talk to Mr Constantine; he will agree that our Government saved Wundowie at a time when it was out on its feet.

Mr McIVER: I do not go along with that statement.

Sir Charles Court: You do not have to, but you should ask Mr Constantine.

Mr McIVER: That might be so, but I do not know whether Mr Constantine will agree with the Premier.

I have not touched on one very important aspect of the industry, and that is the arsenic and methanol acids. These are in very great demand and are exported to the Eastern States. As members know, arsenic acid is used in preservatives in food such as tomato sauce and pickles, and in hides at tanneries. The methanol goes to laboratories in Melbourne and the refinery at Altona. It plays a big part in the fuel for jet aircraft for boost take-offs. So, it can be realised that when we speak of Wundowie, we do not really refer only to a picturesque area of forest and woodlands which contain some of the rarest flora in Australia, but also to a very important industry.

Consequently members on this side of the House view this Bill with responsibility and though we are reluctant to relinquish this important asset, we realise the agreement in the Bill before us has been signed, sealed, and delivered and therefore cannot be amended in any way so I can only again appeal to the Minister to consider the position of the employees because I can assure him he has some very loyal residents in that part of the State.

In conclusion, I can only wish the company well in its venture. I think it is to be congratulated on taking such a step. It will have a very difficult task obtaining stable markets in this changing world. As the member for the district I wish the company every success for the future.

MR SKIDMORE (Swan) [10.03 p.m.]: At the outset I want to make it clear that I am opposed to the proposition before the House and I hope that during the course of my speech I can indicate why such an attitude should be considered by the Government. However, I feel my efforts will possibly be in vain.

Obviously the Government has held discussions with the company over a considerable period of time and it must have known that it would introduce this Bill containing the agreement. We should have been given some prior knowledge of the proposal to enable us to draw a correct

conclusion instead of our having to try at this late stage of the session to understand what the agreement is all about. It is clouded with clap-trap, and cunningly concealed in the document is the aspect of the assets which will be supposedly sold. We certainly have every right to be sceptical of the Government at this time.

On several occasions during the course of his speech the Minister indicated in the first instance that this sale was in the best interests of Wundowie and, secondly, that it would relieve the Government of its responsibility in connection with the accumulated losses and future losses of the industry.

We must consider the purpose for which the industry was first established and ask ourselves whether it has played its role and whether it was ever anticipated when it was given life that it would be anything other than a burden upon Governments until such time as it was able to stand on its own feet financially. From my reading of the original legislation designed to establish the industry in 1943, I understand that a degree of responsibility was shown by the Government of the day. The Minister who introduced that legislation indicated in no uncertain fashion all those things about which we are now concerned, but about which this Government has said nothing. The Minister on that occasion went into detail on the question of the technological methods to be used at that time for the production of pig iron, the manner in which it would be achieved, and the benefits which could flow through to the State of Western Australia.

I doubt very much whether at that time the consideration was simply the establishment of an industry with the faint hope that it would immediately become a profitable venture, because it was well understood that the production would be something like 10 000 tons of pig iron a year, while the local consumption was something like 5 000 tons. This meant, of course, that 5 000 tons would have to be exported. We could not but agree with the member for Avon who said that this was one of our very first experimentations in the manufacture and export of pig iron.

Therefore, when considering the history of this particular industry I say, without any fear of contradiction, that the legislators at that time would not have envisaged that the losses would reach the magnitude they have during the lifetime of the industry.

On the other hand, we could consider the situation in private industry and in doing so would realise that in this particular field of endeavour many private companies have had the same problem of liquidity and of finding capital for expansion. History will reveal that in recent times many of the major companies operating in Australia have had difficulty in sustaining their markets and production. Many factors are responsible for this difficulty and, of course, the Wundowie industry is no exception in the problems it is facing.

Does the Government believe that simply because this happens to be a Government-owned instrumentality or industry it should go to the wall because of some supposed unprofitability in the industry? My understanding is that at the moment it would appear to have a very bright future in its present form, without any necessity to be propped up by private enterprise. Private enterprise is buying into an industry which does not need to be propped up. Expanding markets are now available to the industry, and if one has a look at the quality of the pig iron manufactured at Wundowie one realises that there is no doubt at all that it is equal to the world's best. This fact is recognised by many casting companies in the United States which, in the main, buy our pig iron. They are very conscious of its quality and use it in their castings of many and varied types.

I understand that an injection of funds into the industry allowed a foundry to be established, thus enabling the industry suddenly to commence to see the light of day and make a contribution to the income of the State.

Perhaps we should speculate as to how important profit is when measured against employment opportunities. It would appear to me that the Government of the day, or any Government for that matter, surely should weigh the scales as to profitability and employment, because if people are not employed they must be provided with some social security.

The figures prove that this industry has been in dire straits on many occasions, but it has been allowed to continue and perhaps this should be the situation now. If profitability is the only reason for its sale I do not believe the industry should be sold.

In his speech the Minister indicated that two industries would have to share the manufacturing, administration, and transport facilities and the like in order that economic viability might be achieved. I do not know why both companies could not have become economically viable simply by permitting the Wundowie industry to do all the processing of the ore for Agnew Clough and Mt. Dempster and charge for it. This would make the Wundowie industry a profitable organisation to the State.

Of course I have no doubt that such an arrangement would not be profitable to the purchasing company and that it would have had some reservations on that score. However, I hope the Minister can enlighten me as to whether or not that aspect was considered during the deliberations that have ensued for some time with the company.

Let us consider the losses sustained by the industry over many years. My understanding is that between 1948 and 1967—a period of 19 years—the accumulated loss was $1 738 113. We have been told subsequently that the total loss is now $5 799 968. A figure of $2.5 million has been mentioned as being the company's liability. In addition the company must find the purchase price of $390 000. This is a good basement bargain job—a $390 000 purchase price free of interest over six years. That is not a bad sort of deal, and the company uses its own nonviability as a prop upon which to base its claim for such a proposal!

I wonder what the situation of the industry would be now if it had been given $390 000 free of interest for six years to improve its plant thus making it more viable. That amount of money would have gone a long way towards ensuring the work force of Wundowie could be expanded, and the productivity of the foundry would certainly have been better and the industry would have become more and more profitable as the years rolled by.

My understanding is that interest has been shown by some United States companies in the possibility of having castings made at the foundry works in Wundowie because those companies have been made aware of the quality of our pig iron. They are obviously aware of the standard of the castings.

We might also reflect on the present position of the Sarich orbital engine. Where will those engines be made? There is no shadow of a doubt that the Sarich orbital engine will become a fact. To my knowledge already it is in two different cars, one with a four-stroke engine and the other a two-stroke engine. My understanding is that the only thing creating a difficulty at the moment in regard to the casting of the engine blocks is the question of the difference between the four-stroke and the two-stroke engines, one having no valve mechanism to worry about.

The Sarich Orbital Engine Co. is fast reaching the stage where it will overcome its production problems, and we will have a ready-made industry which would be able to make every one of those engine castings for local industry. What will happen? Where will the work go? It will not go to an industry which has at long last reached the top of the hill of development, through trial and error, and is ready for the downhill run.

This is a private enterprise Government; I understand that. The Government we have at the present time panders to private industry to the detriment of a State instrumentality which was about to secure the fruits of victory. It is a condemnation of the Government that it did not even have the good grace to recognise the efforts of the work force at Wundowie. When it comes to award conditions, the Government will allow them to be handed over. No workers at Wundowie would be financially in a position to refuse the opportunity which is being given to them, in such a grandiose manner, to transfer over at the date of purchase on conditions which will be no worse than those they have at the present time.

To the workers, that means exactly nothing as far as better conditions are concerned once the sale takes place. Everything which has been earned by the workers up to this time has been earned under the auspices of an agreement and award conditions which are far in excess of those applying in private industries. So we will have workers with entitlements which they have accrued over the years, and on takeover day—or sell-out day, or give-away day, or whatever one likes to call it—when the Government hands over this asset to private industry, the workers will be faced with a cut-off point and they will get no benefits whatsoever. No matter what is written into the agreement, it does not do what the Minister suggested it would do to look after the welfare of the workers.

I understood the Minister to say in his second reading speech that he would protect the workers to ensure their conditions were at least no worse than their present conditions of employment. However, we must realise what the workers will not get. The unions have had to negotiate the award. The Minister also said in his speech that talks with the unions had advanced to a very large degree. I do not know where the talking went on but my questioning of trade union people and the officials of the Trades and Labor Council reveal that if any talking took place it certainly did not take place with the trade union movement.

I understand on the 7th November the company issued a document about the takeover, but it did not hit the light of day until the 16th November, which is the date the workers first learnt the industry would disappear. The Minister said in his second reading speech, "We are well advanced in the matter of trying to get a better deal for the workers concerned." If it had not been for the efforts of the union in negotiating the terms of employment with the company, the workers would not have got anywhere.

We know that in private industry workers receive a 17 per cent loading for annual leave. The company has said, "You can have that", knowing that if the workers went to the Industrial Commission they would get it anyway; so they are not getting any joy out of that. I wonder why the Government did not insist that the conditions for workers which exist at the present time be part and parcel of the handover. Why did it sell its employees short? Why did it recognise

over the years that the employees were entitled to those conditions, and then determine that at this time they would not receive them? If that is an example of the Government showing a responsible attitude towards its employees, no wonder the employees suspect a Liberal Government which so easily destroys what has been fought for over many years.

The industry in Wundowie has experienced difficulty and times of stress due to financial problems associated with capital development; and all that has held the industry back is that Liberal Governments have never given it the capital needed to expand its operations and become economical. The Minister mentioned that in his second reading speech. He said the industry was not viable and further losses in the future would be inevitable if the industry was continued on its present scale.

The Government virtually admits that if an industry is not looked after it will fall by the wayside and become unprofitable, and that is the easiest way to destroy something the Government does not want because it panders to private industry. One might ask: Why worry about it? What is the difference as far as the workers are concerned? Many issues concern the workers, one of which is the entitlements they will take with them. As I understand it, a memorandum of agreement covering wages has been drawn up between Agnew Clough Ltd. and the Trades and Labor Council of Western Australia. I understand it is still the subject of discussion in regard to the workers' entitlements as far as sick leave, annual leave, long service leave, wages, and apprenticeships are concerned.

On the question of wages, I remind the Minister of the statement I made a short time ago. I said the workers in this industry moderated their claims and have kept them moderate to the extent that they have now done themselves a disservice because the Liberal Government has determined it will not recognise the restraint of the workers by saying to the company which is taking over the industry, "You will meet your responsibilities in regard to the conditions the workers now enjoy and give them not less but exactly the same." The Government did not do that. It said to the workers, "Up to the date of sale you will have your conditions, but after that go and fight the company; that is all you will get out of us." That is the way the Government rewards the faithfulness and diligence of the workers who stayed at Wundowie and battled against adversity not knowing whether they would be there tomorrow.

I have other points to raise in regard to this Bill. I would like to refer to the schedule, in which certain things are listed. Page 36 of the Bill contains a supplementary schedule for item 21A, and one of the vehicles mentioned in that schedule is a Mercedes prime mover and semi-trailer, the registration number of which is M83. No price or valuation is mentioned. No information is given as to what it is worth. Is it five years old or the latest model? Is it worth $18 000 or is it written down to $5 000? What is its value? That is one item on the schedule.

In the first and second schedules one would be very concerned to find out exactly how much the company will receive to offset the problem it has in paying $2.5 million-worth of accumulated debts for which it will apparently hold itself responsible. I wonder what is included in the land? I would like the Minister to be more specific than to state in a schedule that it is portion of Swan Location 1317, being Lot 1 the subject of diagram 14219, and so on. No area is stated and no information is given other than that it is a piece of land on a map. How much land will the company get? Does it need the land in order to carry on its activities? I doubt it very much.

All that appears to be needed is to take from this land, which is now obviously owned by the Government, all the millable timber and all the timber needed for the production of charcoal to make pig iron. The land could be reforested so that it would become a viable forest in the future for recutting. I do not know why the mining company needs land other than its present mineral leases, which are listed in the schedule. What is the company being given and what are the assets which will be handed over for a peppercorn price? When I look at the way the company will finance its obligations to the Government I cannot help but be suspicious.

Let us have a look at the question of profitability. The company will have to find $2.5 million for accumulated debts, plus a purchase price of $390 000, over six years, which is rather good deal; a total of $2.89 million. It could easily have written off its costs an amount of $1.2 million for the rail subsidy, because the agreement says that over a period of six years the Government will subsidise rail freight to the extent of $200 000 a year. That could continue for six years but the Minister said in his speech he felt that aspect would be offset because of some backloading which could take place. He said—

> I am pleased to be able to say that, as events have subsequently transpired, even this obligation will be short lived as the company has reached agreement in principle with Australian Iron and Steel for a rationalised transport arrangement, linking in AIS ore trains to Kwinana and backloading to Wundowie on company pig iron trucks.

I assume there will be millions of tons of iron ore coming in to be processed into pig iron, and no-one can tell me it is possible to get 100 per cent production out of that. Some loss in tonnage must be suffered in turning out pig iron. Therefore, a lesser

amount of pig iron will be delivered to Kwinana and there will be fewer trucks in which to cart backloading. I am reminded of the fable regarding perpetual motion. One cannot get out of anything more than one puts into it. This is a sop. An attempt is made to persuade us it will not last very long because of this arrangement. I simply say it is duplicity on the part of the Government. It cannot put that up to me; I do not accept it.

For the life of me I cannot see how the trucks will haul sufficient iron from Kwinana to keep this industry operating in the manner in which the agreement is supposed to provide. It is a ridiculous situation. It seems to me the company not only will receive the industry on a silver platter at a bargain basement price, but also it will be subsidised for the next six years to the tune of $1.2 million.

Mr Nanovich: I'll bet it is more successful than Yunderup.

Mr SKIDMORE: One wonders just how much more the company will receive, and just what else is included which we do not know about. I hope the Minister can tell me exactly what the assets of the industry are worth, excluding the existing debt, because we all know about that since the Government has already told us. The Government is ready to tell us how much is being lost at Wundowie, but we want it to say how much the industry is really worth.

How much is involved in the land which will be given to the company in fee simple? Why is the land being given in fee simple when all that is necessary is to cut the timber for the purposes of making charcoal? According to the Minister, the only thing keeping the industry viable is the milling of timber, which will be phased out over three years anyway. So that will go by the board. I pose the question: what milling will be done on the various areas of land which will not produce one stick of timber suitable for use in housing? I would like the Minister to assure me that the company will not cut those areas which will not provide millable timber.

If we consider the country further to the south, maybe the Minister can hang his hat on the dieback-affected forests as being unable to provide millable timber but able to provide timber for the purposes of charcoal production.

I find myself quarrelling over the area of land required by the company, because we on this side of the House have not been satisfied in regard to the manner in which it will be used. We are not satisfied with the manner in which the proposition has been put to us. Surely it is not unreasonable that we ought to know—and should know, because we are responsible to the people of Western Australia—how much the industry is worth before we do away with it. This is like buying a pig in a poke; in fact, I think that just about sums it up so far as the people of Western Australia are concerned.

Those are not all my objections by a long shot; I could go on for quite some time. However, I will save some ammunition for a later stage of the discussion on this Bill.

I would like to draw the attention of the House to clause 4(2) of the agreement which states that on or from time to time after the sale date for the purpose of giving effect to the provisions of paragraphs (a) and (b) of clause 7(1), the State will transfer in fee simple those lands described in the first schedule and those lands described in the second schedule. I might add there is a leasehold arrangement in respect of the land described in parts 7 and 8 of the first schedule. This has been explained to me as concerning land in respect of which a lease has been granted by the Wundowie Charcoal Iron and Steel Industry Board of Management to certain individuals. The position of those people will be protected. I should certainly hope so. I do not know why they are leasing the land, but obviously they are using it and I hope they will be protected in the handover. However, I am not greatly concerned about that at the moment. The clause then goes on to state—

> ". . . or any other reserve or any Crown land which at the date of this Agreement is required or used for the Industry subject to the encumbrances respectively notified against those lands.

This is the really open part of the deal in which the company can write its own cheque. Just what does that clause really mean?

As I understand the provision, it means there is a first schedule of land, a second schedule of land, and then there is some unknown land which might be used or required by the company. It might even be used at the moment by the industry. We have not been told anything about this land; we simply have a bald statement that it may be required. Again I say it is not good enough to do things in this manner. As far as I know, thousands of hectares of land could be involved, and no qualifications whatsoever have been included. I hope the Minister can allay my fears in respect of this. I do not think he will do much good if he suggests this land will be used to cut forests and a license will be given to the company to enable it to obtain the timber it will need, because when one studies the agreement one finds that is provided for in another clause. Therefore, why does the Government want to have an open-ended deal, and to say to the company, "Have a look around. Do you want that piece of land over there?

If so, you can have it. We will give it to you in fee simple along with the rest of the package deal."?

So in the first place my concern is for the amount of land involved, and also for all the imponderables contained in the agreement. The significant feature is that apparently the company will have at its disposal any land it feels it may require, and we do not know what land is involved. When we are faced with that sort of deal it is no wonder we become sceptical about the sale of the industry.

I realise the difficulty we face in respect of a Bill which is presented to the House as a *fait accompli* in so far as the agreement has already been signed. It does not leave us much area in which to endeavour to have wrongs righted—and the agreement contains obvious wrongs. I think I have enunciated some of these wrongs, and no doubt other speakers will refer to other wrongs which are troubling them.

I consider this to be a straightout gesture of giving away an industry which is about to take its rightful place in the State and to make a contribution to the wealth of the State. As always, the Liberal Government has aligned itself with the capitalist system and is supporting private enterprise to the detriment of the State. It will always dispose of the assets of the State to its friends.

I gently remind the Minister of my previous remarks regarding the question of this being not only a sell-out of assets, but also a sell-out of the workers who have contributed many many hours of work over many years for wages which over the last two or three years have been restrained to a great degree. They have shown great responsibility which has enabled the Government to say, "We should get rid of the industry." Of course, the Government will probably succeed because we are unable to stop it.

Therefore, I feel I should conclude by saying: Do not be at all surprised that I shall oppose the sale of this asset of the State of Western Australia. Surely my arguments must bear weight when they are considered. I hope the Minister is able to answer the queries I have raised; and then later I hope to be able to indicate to him whether or not I am satisfied with the answers he provides.

MR MAY (Clontarf) [10.40 p.m.]: Within the past five days notice of two very important agreements has been given to the Parliament; and this in the closing stages of the session. I refer to the Bill we are discussing and the Bill introduced by the Minister in regard to Western Selcast. In the latter case, the agreement once again is presented to the House as a signed document, but it is different in that it is in connection with a new industry which we hope will get off the ground in the foreseeable future.

However, in the case of the agreement we are now discussing—an agreement to sell the Wundowie Charcoal Iron and Steel Industry—the industry is already in existence, and we have a project at Coates Siding in respect of vanadium which, in effect, was already going to get off the ground, as was announced by the manager (Mr Agnew) in November of last year. We as an Opposition are most concerned that notice of this measure was given in the Parliament only last Thursday.

Mr Laurance: How many unemployed have you in Clontarf?

Mr MAY: There are many children there.

Mr Laurance: Are there?

Mr MAY: Yes, and the member for Gascoyne should be with them instead of making silly comments. As I was about to say before I was interrupted, because this Bill was introduced only last Thursday we have had little time in which to consider it and to discuss it with the unions. This evening we must debate the Bill which, as the member for Swan mentioned, is a *fait accompli*.

The situation is that the unions are still discussing conditions of employment with the Minister and the company. They will meet again during this week. The conditions have not yet been resolved, and yet the Minister in his introductory speech referred to the fact that the conditions of employees will not be detrimentally affected by this Bill. The situation at Wundowie over the years has been that the employees have been most apprehensive because if the company goes out of business—and I sincerely trust it will not—the employees will have been under Government conditions, then under private conditions, back to Government conditions, and then to private conditions once again.

These people are most apprehensive about what will take place. As mentioned by the member for Avon, we would like to see the employees given a transitional period in which to settle down so that for the next 12 months they will enjoy the same conditions they have enjoyed for the past few years. As the Minister knows, long service leave conditions for Government employees are far more favourable than the conditions for employees in private enterprise. It is this sort of matter the men in the industry are endeavouring to resolve with the company and the Government. I believe at present only a few areas of concern exist; but, goodness me, why could not they have been ironed out and resolved prior to the agreement being signed and brought to Parliament for ratification?

On the 7th November, this year, the employees at Wundowie received a circular as follows—

> Agreement has been reached between the Government and Agnew Clough Pty. Ltd. on the sale of the Industry

which, as you are aware, has been under negotiation for the past several months.

The Agreement makes development of the nearby vanadium deposits a condition of the sale and the Company has plans to greatly expand pig iron output from the existing plant.

A Bill to ratify the Agreement will be introduced to Parliament shortly and it is hoped to have the resulting Act proclaimed in time to allow the Company to officially take over as from 1st January 1975.

The next part is that which I would like to stress. It is as follows—

As far as you personally are concerned, your accrued interests such as Annual Leave, Long Service Leave and Sick Leave entitlements will be fully protected.

Although that circular was issued to the employees at Wundowie on the 7th November we in this Parliament had no knowledge of it at all. We did not know the employees were given an assurance that their interests would be protected that long ago. It is interesting to note that on the 8th August, 1974, I asked the following question of the Minister for Industrial Development—

(1) When is it anticipated that the feasibility study regarding possible integration of the Wundowie industry with Agnew Clough Ltd's vanadium project near Wundowie will be completed?

The Minister replied—

(1) Owing to its complexity it is hard to be specific but it is hoped it will be in the very near future.

I then asked—

Is it expected that the Wundowie industry will make a profit this year?

The answer was—

The 1973-74 accounts have not been finalised but it is expected that on account of the presently favourable marketing situation the industry will virtually break even, possibly making a small profit. A similar position is forecast for the 1974-75 financial year.

I also asked—

Is the Government investigating the possibility of selling the works to the company?

The answer was—

(3) The current study is primarily aimed at rendering a labour intensive and decentralised industry more secure over an extended lifespan, economically more viable, and of lesser or no burden to the taxpayer.

The form of any possible change in ownership will not be considered until the studies are completed.

That is the answer I received in August, so it is obvious the Government knew about it even when the Minister answered that question. It is obvious because a circular was issued to the employees advising them that their conditions would be safeguarded. Yet, on the 21st or 22nd November, just prior to the last week of this session, we have an agreement being brought to the Parliament and signed by the Government which is now seeking our ratification. However, there is no area in which we can debate to effect any alterations to the agreement even if we were able to do so. So the document presented to us is a *fait accompli*, and we have no area to debate. We can only ask the Government to ensure that the men in the industry will have their conditions of employment safeguarded and that they will not be disadvantaged.

One aspect that should have been given consideration was the possibility of a joint Government and private enterprise project. Here we have an ideal situation. We have a vanadium project two miles from Wundowie and this could have become a joint operation operating satisfactorily to the benefit of both the Government and private enterprise.

It is noted that the company at present consists of a 60 per cent holding by Agnew Clough; a 20 per cent holding by Murex—a subsidiary of British Oxygen Company—and a 20 per cent holding by Mitsui. In 1972, prior to visiting Japan, I was approached by representatives of the vanadium project at Coates Siding to ask Mitsui, on my arrival in Japan, to give consideration to expediting its decision on whether it would become a partner in this project.

At that particular time the market for vanadium was very flexible. In fact, it still is; it goes up and down very rapidly, and Mitsui wanted an assurance that this was a viable proposition before it agreed to become a partner in it. Agnew Clough was keen to have Mitsui become interested in this project because it would present an ideal captive market which would have suited it admirably. As it turned out Mitsui conducted the necessary studies and found that the proposition was viable before any mention was made of the situation at Wundowie, and that company joined with Agnew Clough to form part of this consortium which is now operating at Coates Siding.

On the 20th December, 1973, Agnew Clough issued a Press release and I now quote portion of it as follows—

Agnew Clough Ltd. has been given the green light from the Federal Government to go ahead with its vanadium project near Wundowie, about 47 miles north-east of Perth.

Mr Garrick Agnew, chairman of the company which owns the deposits at

> Coates Siding, two miles from Wundowie, said that approval had been granted for overseas interests to take an equity in the project.
>
> Notice of approval had been received today from the Minister for Minerals and Energy, Mr Connor.

So in December, 1973, this company was to go ahead with the project at Coates Siding which meant that we would then have had a situation where private enterprise would have been working alongside a Government undertaking and I am quite sure it would have been to the advantage of all concerned. In his speech the Minister said—

> The sale of the industry will relieve the State of an undertaking which has been a continual liability and will also remove the need to provide further capital to finance expansion to improve the economics of the industry.

So we have a situation where the Minister, in answer to a question, told me that a profit would be made in 1973-74, and it was anticipated that a profit would also be made in 1974-75. Therefore the company must have been waiting eagerly to sign this agreement. It will be laughing all the way to the bank from now on, as we now have the situation where the industry is showing a profit and the Minister has indicated that a further profit will be made next year. This, in effect, will automatically cancel out the $390 000 the company will have to pay in hard cash.

It is noted that the industry made a profit of $173 433 last financial year, compared with a loss of $161 014 in 1972-73. Sales in the last financial year jumped by $430 000 to $5 433 385, with domestic sales exceeding exports by nearly $400 000. Therefore it can be seen that the industry is improving all the time.

The market for vanadium is buoyant. The demand for this mineral is increasing, as was pointed out by the member for Avon when speaking to the debate this evening, and its many and varied uses will make it a mineral which will be in demand for some considerable time. Even though the Minister has indicated the Wundowie industry will make a profit this year and also next year, it is obvious that in future the industry—speaking in terms of a joint Wundowie and Coates Siding vanadium project—will continue to increase its profits in the years to come. When considering the profit of $173 433, it is obvious that the bulk of that profit will be used to service the existing loan, and we on this side of the House appreciate this fact. However, by the same token, at least a profit is being made. The company will thus be able to service its existing loans and obviously it will be pleased about this fact in the future when developing the area.

It is obvious that the production capacity of the works in the future will be far in excess of its present production and, once again, we on this side of the House are most concerned that this Government instrumentality is to be sold—in our view, anyway—for virtually a song. We have been given no real details of the makeup of the amount that will be paid by Agnew Clough for this undertaking.

I would like to indicate to the House that whilst I was Minister for Mines I had a good deal to do with the applications for mining tenements in this area, and it was discovered, after co-operation with Agnew Clough, that the area was a viable proposition, and irrespective of what went on at Wundowie, the company would still be going ahead with the project at Coates Siding. From the information I have, I believe the ore body has a strike length of about a mile and a width of 400 feet. It is being closely drilled on a 200 foot by 50 foot pattern and more than 50 000 feet of drilling has been completed in 370 holes. About 80 per cent of the ore is vanadium-bearing magnetite which yielded, in tests, a 2 per cent concentrate of vanadium pentoxide by simple magnetic separation.

So it can be seen that the vanadium deposits at Coates Siding are considerable and this is the reason Mitsui and Murex decided to join Agnew Clough as partners in this project.

One of the main factors that the men employed in this industry at Wundowie wish to be kept in mind is greater and closer liaison between the company and the Government when considering their conditions of employment. Housing was one matter mentioned by the member for Avon. Whilst we have been led to believe there will be no alteration in the Housing Commission set-up at Wundowie—and I understand the member for Avon has checked this with the State Housing Commission—many of the people residing at Wundowie are apprehensive over the possibility that if the company takes over the industry at that centre it will take over the houses as well. So the people who moved to Wundowie to work in the industry and who have now retired are very concerned that they may be turned out of their houses to allow them to be occupied by those employees who will be working on the new project.

However, from my understanding of the position, this is quite wrong. The State Housing Commission will render every assistance as far as the town is concerned, and any new houses built by the commission will be State houses and will be allocated to those employees who work at Wundowie. However, I would like the Minister to assure me that the company will have nothing to do with the houses and that possibly it will make application to the Government for further homes to be built when the work force increases.

which we anticipate will increase quite rapidly once the project gets under way. Therefore this is one area in which we would like an assurance from the Minister when he replies to the second reading debate.

We have had a number of discussions with the unions who are also concerned about the sale of the industry. We realise there is little we can do now about such a sale in view of the fact that the agreement has already been signed. However, in order to assist the unions in their deliberations and discussions with the Government we feel we should ask the Minister here in Parliament to give close attention to the requests of the unions. These men have been working in the Wundowie district for many years. The industrial stability of the area has been indicated by the member for Avon and I am quite sure the Minister and the companies desire this industrial stability to continue. The only way that this will be achieved is to ensure that the working conditions of the men are safeguarded and will be the same as those they have enjoyed in past years. These are the assurances we are looking for from the Government.

I believe the Minister will be having further discussions with the unions in the next few days and if it is possible for him to consider these matters closely I am sure the companies will agree with any suggestions he cares to put before them which would ensure the safeguarding of the employees' conditions in the industry.

Another point we should bear in mind is that over the years the industry has been subsidised quite heavily by all Governments because it was a losing proposition. We appreciate this fact, but by the same token that is a situation that should not always lead to a sale. We have seen the situation in Western Australia where, over the years, Liberal Governments have consistently allowed Government instrumentalities to be purchased by private enterprise, and then we have had the ludicrous situation where a private enterprise virtually goes bankrupt and a Liberal Party Government buys it back. I am now referring to the Midland Railway Company.

In that situation a company bought up all the land between Midland and Walkaway, built a railway, operated the railway at a profit, and when it finally went broke this Government took it over and socialised it.

It seems to me that the Liberal-Country Party Government is always selling profitable enterprises and buying those which make losses. At Wundowie the Government is once again selling a profitable enterprise to a private company, just when the industry is starting to gain momentum in terms of development. It is obvious that Wundowie would have contributed to the revenue of the State had it been allowed to continue to operate as a Government instrumentality.

Other members have dealt with the Bill thoroughly. The member for Northam is to be commended for his speech in which he indicated to the House the history of the operations at Wundowie. It is obvious he knows all about it. He has requested the Minister to go to the area, observe the industry, and meet the people so that he will be aware of the problems. That is the only way for a Minister to gauge the situation fully.

I do not intend to delay the House. Once again I ask the Minister, when discussing the requests from the unions, to give close attention to their requirements. The discussions will concern about three or four areas only. The other matters have been resolved, and I believe the company has been patronising towards the unions. It is now only such matters as long service leave, superannuation, wages, sick leave, and annual leave which require some degree of rationality on the part of the Government. The unions have done all that is possible to assist the company, and I believe the company is endeavouring to do whatever possible to co-operate.

If we can be assured by the Minister that the conditions of the employees will not be lessened in any way the apprehensions of the employees, and the Opposition, will be allayed.

I strongly oppose the sale of the Wundowie industry to private enterprise. We feel it is now a going concern and could have operated on a joint basis: a Government instrumentality alongside a private enterprise. Conjointly the two industries could have progressed to a large project in the area. As I said, we strongly oppose the sale of the industry but if the Minister can give us an assurance that the men will be looked after, in terms of conditions, the Opposition will be very pleased to hear what he has to say.

MR A. R. TONKIN (Morley) [11.03 p.m.]: This Government is making a total and absolute farce of Parliament. We have the situation of a Bill concerning a complex matter brought to this House only last Thursday; a question as to whether the Wundowie industry should be sold. The Bill involves the question of whether the people of Western Australia—not the Government—are to receive a fair price and we are expected to debate it four or five days after its introduction.

The introduction of the Bill in this manner, which covers an agreement already signed, is an insult to the Parliament of Western Australia. A green paper should have been produced which would have given every member in this Parliament an opportunity to study the matter before the Bill was presented to the House. This could have been done months ago because,

no doubt, the sale of the works was in the mind of the Government even when in Opposition. If the details could have been studied we would be able to make a rational decision. However, we are faced with a *fait accompli;* the agreement has already been signed! We are told to accept it, whether we like it or not. We are told we should be able to debate the matter within a period of four days.

We do not have a Premier in this State; we have a Czar who wants to govern by decree and he is making a farce of this Parliament.

Sir Charles Court: Do not talk nonsense.

Mr A. R. TONKIN: This is not nonsense.

Sir Charles Court: What about the legislative programme followed by the previous Premier?

Mr A. R. TONKIN: The programme followed by the previous Premier, or the Tonkin Government, was a very different one.

Mr May: It was the best ever.

Mr A. R. TONKIN: We did not have agreements, already signed, brought here with an instruction to get rid of them within a period of four days.

Mr Blaikie: The previous Government did not have anything to bring in.

Mr A. R. TONKIN: That is a stupid remark. It is well known that the Tonkin Government introduced more legislation into this Parliament than did any other Government in the history of Western Australia. That shows the ignorance of the member for Vasse. The record shows the number of Bills introduced and I challenge the member for Vasse to show that we had nothing to bring in. His statement is absolutely ridiculous. I am being just as ridiculous for wasting my breath on such interjections.

Mr Clarko: Hear, hear.

Mr A. R. TONKIN: I suggest this kind of treatment—rule by decree—whereby an agreement is signed and then Parliament is expected to ratify it within a period of four days, without proper debate, is something fit for 19th century Russia but not for 20th century Australia. The Premier and the Minister for Industrial Development should at least treat this Parliament with some seriousness, rather than with the contempt now shown. We have been told that within a period of four days we should be prepared to consider this Bill but, in any case, the agreement has been signed with the company. Where are we heading? What are we doing here?

It has already been indicated by the Minister for Conservation and Environment, that this Parliament has no need to understand legislation, and has no need for expertise, because environmental matters can be handled by the EPA. It seems that we are merely rubber stamps to be used under this absurd system. It is absolutely pathetic and I believe the people of Western Australia deserve something better. We have been elected to represent the people of Western Australia.

The introduction of a Bill and its subsequent passage, through the compliance of the Legislative Assembly and the Legislative Council, makes a farce of the procedure of Parliament. It is a complete betrayal of Parliament and a betrayal of the system of Westminster which we, supposedly, introduced into Western Australia.

The practice of the House of Commons, in both Canada and the United Kingdom, is to issue a green paper and that system could easily have been followed by this Parliament. Members of Parliament would then have had some information on which to base their decisions. However, we have to sit here solemnly without having a clue as to the economics of the industry involved. I imagine that hardly a member on the Government side has glanced at the Bill let alone read it.

In his second reading speech the Minister presented no case to show that the absurdly low price of one-third of a million was a fair deal for the people of Western Australia. I say it is a betrayal of the people because the industry is being flogged off at a bargain basement price. How many acres of land is involved in the deal —just the land alone? What is the potential worth of that land?

Sir Charles Court: Well, you tell us if you think you know so much about it.

Mr A. R. TONKIN: I think the price of one-third of a million dollars is absurdly low.

Sir Charles Court: What is this one-third of a million dollars?

Mr A. R. TONKIN: What is the price, then?

Sir Charles Court: Have you not worked out the price?

Mr A. R. TONKIN: What is the price?

Sir Charles Court: Read the agreement.

Mr A. R. TONKIN: I have read the agreement.

Sir Charles Court: That is only the cash component of it. You are showing your ignorance.

Mr A. R. TONKIN: The fact remains this is an absurdly low price for that area.

Sir Charles Court: Well, you talk about the right price and we will listen to you.

Mr A. R. TONKIN: The Government has not made out a case to show a balance sheet to justify the price. I read the Minister's speech and I could see no justification in the Bill.

No attempt has been made to justify the price which will be paid for the industry. We have been told that is the price, and

that is what it is being sold for. That is the end of it. We have a right to know the economics of the situation. We have a right to know the figures associated with the industry so that we can reach a decision.

The industry has been sold despite the fact that it made a profit during the last year. We can see why the Government has had to refuse to build a high school at Dianella, in my electorate. That school was promised by the previous State Government. The industry which was able to make a profit could have helped to build such a high school. We can see why a high school will not be constructed at Swan View, which is of such concern to the member for Mundaring. The Balcatta high school is overcrowded. The Busselton Hospital received a set back which would never have occurred under the Tonkin Government.

Mr Blaikie: We were promised a hospital by the Tonkin Government but got a medical centre instead which will not provide one additional bed for the Busselton district.

Mr A. R. TONKIN: In the days of kings those involved in the bartering of the State were taken to the Tower of London. I realise that members opposite are touchy, particularly the member for Vasse because of the position regarding the Busselton Hospital. The present Premier made grandiose promises but he has not kept his promises. So, I understand the reason for the member for Vasse being nervous and touchy. The Busselton Hospital has not been improved to the extent it should have been.

It was suggested that the Wundowie industry has been a liability to the State of Western Australia. The Premier, and the Minister for Industrial Development, have shown contempt for Parliament by not listening to debate on the Bill but I would like to know why the company concerned should suddenly decide to take over a liability. If the industry is a liability why does a private enterprise institution want to take it off the hands of the people of Western Australia? That is what the Minister would have us believe. He wants us to believe that the industry is a liability and he has managed to find a Father Christmas to take the liability off our hands. That does not stand up to investigation. No-one in this place would believe that kind of talk because it is rubbish. If the industry is a liability why has private enterprise decided to take it over?

We know that private industry supports this Government because, from time to time, it expects bargains. It expects this kind of deal. I will read clause 12 of the agreement, which is as follows—

> 12. Subject to clause 14 hereof the State:—
>
> (a) will use its best endeavours to ensure that the land referred to in the First and Second Schedules hereto the land the subject of the Mineral Claims and land adjacent thereto utilised by the Company of Mt. Dempster for any of the purposes of this Agreement (in this clause all of such land being referred to as "the Company's land") will be and remain zoned for use or otherwise protected so that the operations of the Company and Mt. Dempster under this Agreement may be undertaken and carried out thereon without any interference or interruption by the State—

I repeat: without any interference or interruption by the State. To continue—

> —by any State agency or instrumentality or by any local or other authority of the State on the ground that such operations are contrary to any zoning by-law or regulation;

John Citizen, who pays his taxes regularly, does not receive the benefit of that provision which we see in this Father Christmas agreement with the State. He does not receive the protection which is proposed in the agreement, and he does not have a guarantee against rezoning. If the MRPA decides to put a road through the property owned by John Citizen he has no protection against resumption. This is where the elitist nature of the Government lies because it allows a special dispensation to these companies when it tells them that they will not have to worry because they will receive a guarantee against interference by any State instrumentality.

Here we have the Government giving guarantees on behalf of the Shire of Northam. We hear talk by the Minister for Local Government about centralism. I thought the present Government believed that local government should have authority over its affairs but here we have an agreement which will be railroaded through this House, and through another place—which has turned strangely compliant—which will prevent the Shire of Northam from acting in a manner befitting a responsible elected body. We hear talk about the power grab from Canberra; what about the power grab from Perth?

Why should the company be given this type of guarantee from rezoning which John Citizen does not have? This Government is bending its knees to certain sections of private enterprise in the same way as the English batsmen will bend their knees to Dennis Lillee in the coming cricket series. The Government is bending its knees to big business and allowing immunity from the powers of local government, which is not available to any other citizens. That is scandalous.

Mr O'Neil: Are you going to vote against the Bill?

Mr A. R. TONKIN: I would like to ask why the taxpayer is allowed to make a loss. There was a great scream about losing the State railways to the Australian Government. It is quite okay for the taxpayer to make a loss, but as soon as he starts to make a profit—in this case $173 000—he has his throat cut and the industry is flogged off to somebody who will pour in funds to the Liberal Party before the next election. This is a disgraceful state of affairs. As soon as the taxpayer begins to make a profit, the industry is flogged off at a bargain price. We saw this in respect of the State Government Insurance Office. It was allowed to write car insurance because there was no profit in it. Any insurance company will tell us there is no profit in motorcar insurance. However, there is great profit in general insurance, so the SGIO is not allowed to enter that field because if it did the Western Australian taxpayer may make a profit, and the money could be used to build schools and roads. It is a disgraceful situation that as soon as an industry begins to look as though it is profitable and it will lighten the burden on the taxpayer, it is flogged off to someone who may have, or who appears to have by the clauses in the agreement, a special relationship to the Government.

The only mention of the environment is contained in clause 23. Clause 8(2) reads as follows—

> (2) Mt. Dempster or the Company shall within the twelve (12) months next following the Sale Date commence to erect and thereafter will diligently continue to proceed with the construction and establishment, or cause the erection to be commenced and thereafter the construction and establishment to be diligently proceeded with of a plant (on the land described in the First or Second Schedules hereto or on or near the land the subject of the Mineral Claims) designed to produce and capable of producing not less than one million kilograms (1,000,000 kg) of vanadium pentoxide per annum.

I understand that no such materials is being produced at the present time, so where is the environmental impact statement to say that it will not be deleterious to the environment? I say with great sorrow, and certainly with no pride, that Western Australia is rapidly gaining the reputation of being the dirtiest State environmentally. We are the only State not producing environmental impact statements.

Sir Charles Court: Who told you that?

Mr A. R. TONKIN: It is a fact.

Sir Charles Court: Did you not hear the legislation introduced in the Federal Parliament tonight?

Mr A. R. TONKIN: Every other State is introducing environmental impact statements. Perhaps the Premier can show me an environmental impact statement produced by this Government. I remember in an earlier debate the Premier said that we have the best environmental impact statements in Australia. I said to him, "Show me one." We are given generalities but no specifics. So we on this side say, "Put up or shut up." If we are such a wonderful State for environmental impact statements, where is the one in connection with this Bill?

Mr Bertram: It does not exist.

Mr A. R. TONKIN: What does the EPA say about this Bill?

Mr Stephens: You are saying that environmental impact statements are the beginning and end of everything. They are only another diagnostic tool.

Mr A. R. TONKIN: The Minister is putting words in my mouth. I did not say that they are the beginning and end of everything.

Mr Stephens: You are placing great emphasis on them.

Mr A. R. TONKIN: That is because the rest of the world is doing so. The Minister is the Minister for Conservation and Environment. It is a pity that he does not move in environmental circles. If he did he would see that Western Australia is now known as the dirtiest State environmentally.

Mr Stephen: Ramble on.

Mr A. R. TONKIN: Even the Bjelke-Petersen State is well ahead of us in that respect. If the Minister denies what I am saying, let him come up with some evidence.

Mr Stephens: You have just given further evidence of the fact that you think an environmental impact statement is the beginning and end of everything.

Mr A. R. TONKIN: That is the interpretation made by the Minister's simplistic mind. I did not say that environmental impact statements are the beginning and end of everything. However, they are required in conjunction with development in every other State of Australia, as well as the United States, Britain, France, West Germany, Denmark, and even in a place like Spain—a very advanced and progressive country! The Minister is saying that environmental impact statements are not necessary. I wonder when the sleepy Cinderella State will get environmental impact statements. I know they are not the beginning and end of everything, and that we could produce glossy statements which

are worthless. I am aware of that, but just because they could be worthless does not mean they are necessarily worthless..

Mr Sibson: Why didn't you get one a couple of years ago?

Mr A. R. TONKIN: That is a good question. The time is now, and the statements have not been produced yet. When are we to produce them? I want to know the answer because certainly we should be producing them now.

This Bill is condemned because we have no chance to study it, and because it has attached to it a document which has already been signed. It is contempt of this Parliament to bring it here already signed.

Mr Bertram: Hear, hear!

Mr A. R. TONKIN: It is contempt of this Parliament because we have not had any information such as a proper balance sheet to disprove my belief that these works are being flogged off at a bargain price. The Bill is condemned also on environmental grounds. Can I ask the Minister for Conservation and Environment what the EPA has said about it?

Mr Sibson: What has changing the ownership to do with the environment?

Mr A. R. TONKIN: It is not the change of ownership that will affect the environment. The honourable member must have been nodding off while I was speaking about the new commodity which is to be produced in the next 12 months. I notice the Minister is turning a deaf ear to my request. He cannot answer because he knows that once again the EPA has been trodden underfoot. Before the last election we heard a great deal about the environment. I again ask the Minister, "What does the EPA say about this?"

Mr Bertram: Silence is golden.

Mr A. R. TONKIN: I think the Minister has been instructed not to answer. What does the EPA say about it?

Sir Charles Court: That is the best part of your speech. Just keep it up, the silence is lovely.

Mr A. R. TONKIN: It is highly significant that a man who pretends—when the Premier will let him—to be the Minister for Conservation and Environment knows nothing about a Bill brought to this House containing a clause which says the measure will be subject to environmental protection. The EPA has not been asked what it thinks of it. The Minister is still there with his mouth opening and shutting like a goldfish in distress.

Mr Rushton: Have a look in the mirror sometime.

Mr A. R. TONKIN: I can imagine this sort of thing happening 20 years ago when the environment and implications of industry of this type were not understood. However, in this day and age we now have a situation where the EPA has not been asked for an opinion. What a scandalous attitude from a Government which was to give a new deal in regard to the environment! What a horse laugh that is! I totally oppose the Bill.

MR B. T. BURKE (Balga) [11.23 p.m.]: I rise to say one or two words in opposition to the Bill. I oppose it very strongly, but I doubt whether the opposition which is evident from myself and the other members on this side of the House will make very much difference. It seems to me that the major points of opposition we bring forward have been canvassed quite adequately and capably by the member for Morley. However, perhaps one or two points may be covered once again.

The question of the number of acres to be supplied in fee simple to this company is a very intriguing one, and one on which must be cast a considerable amount of suspicion. It seems to me that a conservative estimate of the value of this property would be $30 per acre for rural purposes. On that computation, the total amount would be something in the region of $260 000. On that basis alone the price at which this charcoal iron and steelworks is being sold off must raise a considerable number of doubts in the minds of all members.

As the member for Morley said, it is passing strange that the benevolence of private enterprise will seize from the people of this State a liability, and that it will bear the bad effects of that liability itself. Of course it will not. Private enterprise will take upon itself only an operation that promises some sort of success, and success is measured by the profit motive. So it ill-becomes the Minister to disguise the effort he is making in the trappings of a good deal for the people of this State. It is not a good deal for the people of this State, and I do not think anyone would believe the Minister if he tries to convince them that private enterprise will take a dud or a lead balloon off the hands of the people. The fact of the matter is that the Government in this State is selling a profitable public enterprise to private industry.

I understand that the negotiations which have proceeded between the union, working on behalf of its members and the company, have been quite satisfactory to this stage. I understand that the unions might be expecting increased stability, at the same time sacrificing some of the very excellent benefits that their members now enjoy as Government employees.

As I said earlier, I do not believe that my opposition, or the opposition expressed by other members on this side of the House, will play a great part in changing the minds of Government members. However, let me put it to the Government that perhaps it is desirable we have at least a

period during which these employees will remain Government employees; a period during which, should this new company and new enterprise falter, the employees of that new enterprise will be able to reclaim legitimately the benefits that they enjoyed previously.

I do not believe there is any prospect of a gamble in the enterprise this new company will undertake. I would like to ask why the Government could not undertake to maintain the operation of this type of iron and steel industry in an obviously profitable position and perhaps to use its initiative to expand the operations in a way that would increase the work of this company for the people the Government is allegedly supposed to represent. I am very disappointed with the Government's attitude on this occasion. Perhaps the words I have used do not express adequately my disappointment and my frustration at being unable to achieve anything in the face of superior numbers. I am glad that at least my name and voice will be on record as having opposed this Bill as strongly as I possibly can.

MR. J. T. TONKIN (Melville—Leader of the Opposition) [11.27 p.m.]: Much of what we desire to say to this Bill has already been said, so it is not my intention to keep the House very long. However, I must register my protest against the nature of the legislation, and upon contemplation it must be appreciated that it makes Parliament a farce. To start with, the agreement contains a variation clause which says that any of the conditions of the agreement may be varied from time to time by agreement in writing between the parties. So we can look at this agreement here now, believing that these are the conditions which will apply, but they need not necessarily apply at all. We can concern ourselves as to whether a fair price is being obtained for the undertaking on the conditions set out in the agreement without knowing whether those conditions will be complied with at all. So what is the sense of bringing an agreement here? We cannot alter it, even if we did have the numbers to do so.

The provision of this variation clause makes it possible for the Government to change conditions within 24 hours if it wishes to do so. So all it does is to afford an opportunity for some opinions to be expressed and nothing else.

Now having regard for the performance of the present Premier when he has disposed of State assets before, one must consider the likelihood is that this business is being disposed of in a similar manner. We recall what happened to the State Building Supplies, and how that instrumentality was sacrificed. Then we had a similar procedure in regard to the Wyndham Meat Works. Now we have a proposal before us that these works which have operated profitably are to be disposed of and paid for to start with by $390 000 free of interest in six years' time.

The company will have the advantage of operating these works in the meantime and it must expect that it will operate them profitably, or it would not be coming into this business—unless it intends to be able to recoup its outlay by a subsequent sale, when it is able to do so. So, to support that, there is $390 000, free of interest, to be paid within six years. However, the State must provide a subsidy of $200 000 to the company with regard to rail freights every year for six years.

It is true that the company has undertaken to repay existing loans of approximately $2 million, plus interest, on the due dates. But what does it get? It will get a going concern which apparently is attractive to it, and a large area of land which will be quite valuable; so, it is obvious that this is particularly good business on the part of the company and that the interests of the State are not being adequately safeguarded.

There ought to be presented at this time a valuation of what the company is getting so that there would be some opportunity to make a fair comparison. But I repeat: It renders the whole operation a farce by bringing this legislation before Parliament because the Bill is so worded that once we pass the clause dealing with the agreement, it becomes ratified and we cannot in any way alter the schedules, which are the agreement; as I have already said, the variation clause would nullify any alteration which the Parliament may see fit to make.

So, in effect, all this does is to tell the Parliament, "Here is an agreement we have already made. We have the right to change it when we like, but all you can do is get up and talk." Well, we can express our opinion about this type of agreement and also about the nature of the business which is being done. I have every faith in the company which is taking over this operation and time will tell whether in encouraging this company, we will develop a new industry which will be of great benefit to the State and to the district in increased economic activity and income and in providing a valuable source of employment.

But the fact remains that these works have been developed to a stage where last year they were able to return a profit on the accounting system in operation. The Government will lose the financial advantage of that, and will not be relieved of its obligation to subsidise these works to the extent of $200 000 a year for the next six years. I do not regard that as good business.

I am wondering, too, what is likely to happen with regard to the manufacture of the Sarich engine. I understood there was quite a possibility that, because of the

initial work which had been done in connection with this engine, and the excellence of the work, Wundowie might be brought into the business of assisting in the production of this engine. Will that proposal be entirely scrapped, or is there still the same possibility which previously existed of the engine being developed in this way?

I have no intention of prolonging the discussion; however, I felt it incumbent upon me to add a little to what has already been said and to express the opinion that in our belief this is not good business from the Government's point of view, inasmuch as very little regard has been given to the financial aspect and the continuing obligation which will remain on the Government to provide money for these works by way of subsidy.

MR MENSAROS (Floreat—Minister for Industrial Development) [11.36 p.m.]: I thank members of the Opposition who have contributed to this debate. Not until this time, having listened to an interesting debate, do we know exactly where we stand as to the Opposition's attitude towards this Bill. Some members pronounced that they were categorically opposed to the Bill. Other more serious and objective speakers who comprehended what is contained in the agreement and the Bill and who could see the aftermath of this legislation and the importance it will have to the State and, especially to the district, did not condemn the legislation. I should like to reflect as much as I possibly can on the remarks—mainly the objective and serious remarks, the sincerity of which I would not doubt—made by individual speakers from the Opposition side.

The member for Avon, of course, described the history of the industry, as it is now officially called in the agreement. Even he was not quite sure whether he should express support or opposition. He seemed personally to support the measure, while officially he somewhat opposed it; however, he was quick to say that he was delighted that the vanadium and charcoal enterprises would be joined and he was pleased with the agreement and the future he could see stemming from it.

I do not think his criticism regarding my non-presence at the site amounted to more than the fact that he had to criticise the Government, because his contention that we have not had discussions with the management and the employees at Wundowie, of course, is not factual. Whether we conduct discussions at one location or another would not matter very much to the future of the industry.

The member for Avon rightly said he wanted assurances. I would direct him only to the agreement itself and the assurances contained in it. As he and another member cited, from the letter which apparently was circularised by the company, it has been stated that all the present wages and conditions of employees are to remain; this, of course, was ignored by some of the other speakers. Also, accrued employee benefits are to be carried on. The honourable member did not go further and discuss the fact that other conditions of employment—not in a negative way, but only in a positive way—are being discussed at present.

A recurring theme was the financial situation of the company. It is very easy to pick this cash contribution figure of $390 000 and conveniently ignore the debts which the company is to take over. Of course, the fact of the matter remains—as I am sure the member for Avon, the Leader of the Opposition and the member for Clontarf will realise although, unfortunately, I cannot say the same about the member for Swan or the member for Morley, whose interest in the debate ceased as soon as I made a contribution questioning their interpretation of the agreement—that the company's contribution is not a mere $390 000, which is the actual cash contribution over a period; the company will also take over repayments of a capital sum of $700 000 and assume liability or the latest balance sheet position, which was at the 30th August, 1974, totalling $449 715. It is true that annual leave has been taken as a separate item, but this will still leave the company with a deficit of $317 403. The company will also assume other deferred liabilities of $4 388 and an assumption of the employees' benefits, including the contingent benefits, which of course to a certain extent must be an estimate. However, a reasonably accurate estimate puts the figure at $1 085 000. So, in addition to the cash consideration of $390 000, the company will take over debts of nearly $2.5 million. This is far from the sums about which members opposite spoke; they simply wanted to make some political capital for themselves, although I do not know in exactly which direction.

It was a relevant comment that we must also consider the other side of the balance sheet. This would come to roughly the same amount because the current assets represent $1 386 927, while the fixed assets, less depreciation, amount to $1 145 188, a total of just under $2.5 million. So, I think without referring specifically to the comments of each member I have taken care of statements made by members opposite.

At the same time, I should like to comment on the financial situation of the company. It has been said, perhaps quite genuinely by some members, but quite facetiously by others, that the company now becomes profitable and therefore the Government is selling a profitable operation. One honourable member even suggested the Government was selling at a loss. Although on the face of it the industry is showing a profit, we must deduct from this figure the cost of servicing overdrafts and

debts. After such a deduction, the profit would be reduced to $51 897, even in 1974. If we include the actual freight subsidy, of course, we convert the profit to a loss of about $100 000.

When discussing whether the company is working at a loss or a profit, we must mention that today there exists a better market overseas for the product. However, we must also take into consideration the long-term view. What is in the future for the company, the district and the State, not only from the point of view of profit and loss but also the necessary replacement and servicing of plant?

These furnaces will not last forever. Indeed, some of them show signs of the need for relining. These amounts are entirely different from those talked about by the member for Swan, in terms of profits of tens of thousand of dollars. If the Wundowie industry remained the property of the taxpayers this would be a liability. This is necessary expenditure of money for the running of the industry.

Taking all these factors into consideration I am quite satisfied—speaking in an objective and not in a demagogic way, which some members opposite have been indulging in to seek newer and newer objectives to appeal perhaps to the Press —that this agreement is of benefit to the district and the industry.

I agree with the member for Avon in his praise for the manager of the industry, and I am sure he deserves all the praise that has been heaped on him. He has been overseas not only in the past, but also recently to study new procedures relating to the production of vanadium. This will prove to be of benefit to the company. As the member for Avon will know, the company will gladly retain the services of the manager.

I also agree with the comments of the member for Avon relating to the work force and his commendation of the employees of the industry, in that they are loyal, industrious, well trained, and live in a very nice community. I also agree with him that they have been doing a good job. I support his comments in regard to the courage and enterprise of the company. I do not wish to dwell on this, but I seem to detect some difference of opinion between the views of members on the cross benches opposite and those of the member for Avon who should and does know the position better about the intention of the company to proceed with the production of vanadium, and to combine the two lines of production in the hope of making it a profitable venture. Despite the views of some members opposite who dispute this, it is the only way to secure employment for the employees and to further the development of the industry.

I shall now deal with a specific comment made by the member for Avon, which has been repeated by some members opposite relating to security to the employees in the first 12 months' period. I do not know what is meant by their comment. Even if an agreement can be reached with the company it would be very difficult to say that despite the fact that the company is purchasing the assets from the Government, the employees shall remain employees of the Wundowie industry. All that the company is prepared and happy to do under the agreement is to take over those employees, and promise to pay them at least the same wages as they now receive, and also to be liable for all accrued benefits to the workers.

The member for Clontarf knows about this: negotiations are going on, and I think they will be resolved to the satisfaction of all parties. I have mentioned the guarantee of wages, and the agreement guarantees that the employees will be assured of the wages they now receive.

Regarding annual leave, the company has guaranteed four weeks each year plus a 17½ per cent loading. This is the same annual leave condition the employees are now entitled to.

Regarding long service leave, I think the offer by the company is more than what the member for Avon has set out. Long service leave, accrued at Government rates, will be granted for four years after the date of the agreement. I am sure this will satisfy the member for Avon, despite the ambitious statements by the member for Swan and the member for Morley who, with due respect to them, do not have a great deal of comprehension of the human needs in which both the member for Avon and I are interested.

The only remaining question is, perhaps, the determination of sick leave. In this respect there is considerable difference on paper, but not in practice. There is a difference between the Government provision and the private enterprise provision; in the case of Government employees the accumulation of sick leave is endless. This might apply to some of the employees; but if employees are loyal, hard working and decent, I do not think they will take any advantage of their sick leave entitlement. They would only take advantage of the accumulation of sick leave when they become sick, instead of taking days off on sick leave occasionally.

This is not a major point to be resolved, and it is still under consideration. I am sure that agreement on this aspect can be reached.

Superannuation applies to only a few of the people engaged in the industry, and I do not think there will be any disagreement in this regard.

The member for Avon has mentioned the rail freight subsidy, and he said he could not understand why this subsidy is to be extended. I would point out to him that in arriving at an agreement certain

inducements or benefits are often provided to make a venture viable. As I indicated in introducing the second reading of the Bill, negotiations are proceeding, and there is more than a possibility that the rail freight subsidy will be continued for only a very short period. From the point of view of the employees this will not make any difference; but from the point of view of factors brought forward by some members opposite it will make some difference, particularly to the aspects mentioned by the Leader of the Opposition.

The member for Swan does not understand how this rail freight subsidy will work. If he reads my second reading speech fully he will see the backloading is not generated for any one company. It is a question of agreement with BHP and the Western Australian Government Railways. Through this means it will be determined that the subsidy is not long lived, but very short lived.

Regarding housing for the employees of the industry two comments have been made. I think the member for Clontarf might have raised one point: the conditions regarding State Housing Commission homes should be exactly the same as those prevailing at the present time. I hope that in the more distant future we will be able to use the Act, which the honourable member's party introduced when in Government, because the provisions of that Act would be an inducement to industry to become established. At the present financially we as the Government cannot solve this problem, and the situation will remain as it is.

A suggestion has been made that existing tenants would be evicted from their houses. There is no substance in such suggestions. If any member can give examples of any Government having done such a thing I shall gladly look into the matter. With due respect to members opposite, all such references will create ill-feeling. I take strong exception to such comments or suggestions. I say no good purpose is served by fostering gossip or what is alleged to be bad news. I do not think anyone, not even the employees of the industry at Wundowie, will agree that people will be evicted by the Housing Commission from their homes, just because the industry is to be developed under private enterprise.

Regarding the query raised by the member for Avon on the provision of additional houses within the townsite, I would point out the agreement could not have been framed in any other way than to embrace the area within the boundaries of the townsite. Obviously such a provision is contained in other agreements, such as mining agreements. I do not think that such a provision would prevent the Shire of Northam from indulging in rezoning activities which are designed to benefit the townsite.

A further question was posed by the member for Avon relating to clause 12 of the agreement. Perhaps he does not know this, and I do not blame him because he has not been involved in similar agreements in the past: this is a fairly common clause to be included. Security is given under this clause not only to the company concerned in the agreement before us, but other companies involved in other agreements, such as mining companies.

The agreement contains a clause under which a local authority is prevented from imposing discriminatory rates. That does not mean the local authority cannot rate according to the Local Government Act. Often when a new industry is established —although in this case it is not strictly a new industry—the local authority thinks there is a bonanza in the offing; it goes to town and levies a rate at an unreasonable level. That is the only reason for the inclusion of clause 12 in the agreement; I again stress that it is a common provision to be included in agreements.

I do not think I need to deal at great length with the comments made by the member for Swan, because both he and the member for Morley indulged in using various objectives and have not raised any point which merits debate.

One point raised by the Leader of the Opposition—and this has been mentioned by the member for Swan—relates to the development of the Sarich engine. In this respect I cannot see any panic being generated. If the consideration under the present arrangement with BHP is that the facilities at Wundowie are to be used, then just because Agnew Clough is to own the industry, and not the State, no difference would be made to the use of those facilities.

Mr May: How much land is involved? Three speakers have asked you to deal with this aspect.

Mr J. T. Tonkin: Would it be 8 500 acres?

Mr MENSAROS: The land would be 8 500 acres plus. At the same time I would not be surprised if the title, the delineation, and the actual position of the present industry do not tally with surveys undertaken in the past. This reply to the interjection immediately negates the contention of the member for Balga who made a calculation and said this land could involve $260 000 and that is about correct, and the figures I have cited regarding the assets include that amount, approximately.

The member for Swan has made reference about no capital being injected. That is not correct. Even if capital is not injected it would make no difference.

Mr Skidmore: The Minister has mentioned my name. Will he speak up?

Mr MENSAROS: I shall not mention the honourable member's name any further. He talked about no capital being injected.

I doubt whether this is quite correct. Even if it is there would be no difference between the attitudes of the Labor and the Liberal Governments.

Mr Skidmore: I did not say that no capital had been injected. I said that insufficient capital had been injected. Check with *Hansard*.

Mr MENSAROS: I could not quite understand his comment about the subsidy because it appeared to me that there are some interesting views on this. Apparently as long as the subsidy goes to a Government or State-owned enterprise it is all right, but if it is to go to a private enterprise it is all wrong. I do not know how the employees would view that situation in all practicality.

Mr Skidmore: I did not make that reference at all. What I said was that it was obvious the company would receive subsidies to the value of $1.2 million.

Mr MENSAROS: With regard to the value, I refer the honourable member to the Auditor-General's report.

In connection with the query about "any other land" this is quite a usual legal term. It cannot be interpreted in the way the member for Swan interpreted it but he behaved in the way expected of him and as he behaved on the fuel Bill, reading one sentence or paragraph separately and trying to draw all sorts of inferences. If the member for Swan will study any of the agreements he made when he bought property, he will find that lawyers always make provision for the fact that the title might be wrong. This agreement does nothing more than that. The reference is in regard to the land the company uses and if the member for Swan will refer to the definitions at the beginning of the agreement he will see what the industry at Wundowie means. To imply that we are selling the whole of Western Australia is something more than ridiculous, but is in vein with his comments.

In a much more objective manner the member for Clontarf mentioned the 12 months' condition. I think I replied to this when dealing with the comments of the member for Avon. He complained about no-one being informed of the sale until the 21st November, but then in the same breath he said it was a horrible thing that the employees had been circularised about the sale on the 7th November. I could not reconcile the two statements.

Mr May: I indicated that even though they had been advised Parliament had had no indication.

Mr MENSAROS: Out of courtesy I will reply to the comments of the honourable member. The member for Clontarf was active as Minister for Mines and therefore he will be aware that when negotiations are being undertaken the results are not good if the details are immediately announced. I am sure the member for Clontarf would not adopt such an attitude when or if he becomes a Minister again. I am trusting he will not become one because he would not do any good for the Government or the interests of the State.

His proposition about Government and private enterprise is in vogue now. It is what the Commonwealth Government wants; but it is not our cup of tea because as a party we do not believe the Government should have industrial, commercial, or trading enterprises. The taxpayers' money should not be risked. However, members must agree that we have a difference of opinion on that matter.

I gave assurances regarding the State Housing Commission. I will not deal with the objectives of the member for Morley although I must admit they are improving day by day. He now includes the Czars of Russia, and so on. It was a very good effort, but had nothing to do with the Bill, so I will ignore the rest of his speech.

I would have been surprised had the variation clause not been raised because we have heard so much about it in the past. I am sorry the Leader of the Opposition is not here at the moment because he talked so much around variation clauses in the past during the time of the Brand Government and of his own Government. Of course, the Leader of the Opposition conveniently forgot to point out the consequences of the variation, but only went so far as to say that the Government can vary the agreement; of course, it can, but at the same time, reading just one paragraph in the variation clause of the agreement it is evident that it is in a new and very good form.

No discretion is allowed, as in some of the agreements made under the Labor Government. The Government must table any variations, but, unlike the normal provision, in this case the Parliament must disagree with the variations within 12 sitting days.

Mr T. D. Evans: That is an improvement.

Mr MENSAROS: I think so.

Sir Charles Court: A big improvement on your Government's variation clause.

Mr T. D. Evans: But it took 12 years for you to wake up to it.

Sir Charles Court: What about that thing you brought in—entirely at the Minister's discretion?

Mr A. R. Tonkin: What about the environmental impact studies?

Mr MENSAROS: I think I have dealt with all the points raised, at least those points which were raised in sincerity and to the point. I commend the Bill to the House.

Question put and passed.

Bill read a second time.

In Committee

The Chairman of Committees (Mr Thompson) in the Chair; Mr Mensaros (Minister for Industrial Development), in charge of the Bill.

Clause 1 put and passed.

Clause 2: Interpretation—

Mr MAY: Briefly I want to indicate the ridiculous situation we will reach once we have passed clause 3, because then the agreement will be ratified. No matter how much or how long we talk in other areas, we are not in a position to amend the agreement because it will have been ratified. Therefore the only clauses on which we can speak are clauses 1 to 3.

The Opposition would like to lodge its strongest protest at this point about the fact that the agreement was signed prior to its presentation to Parliament.

Mr SKIDMORE: I am concerned that the Minister practically ignored the question I raised and merely referred me to other legislation containing a similar provision. Because the words are in other legislation does not necessarily mean I must accept them in this legislation. I am concerned about the duplicity of the Government.

The CHAIRMAN: How do your remarks relate to clause 2?

Mr SKIDMORE: If you wish to rule me out of order—

The CHAIRMAN: I do not wish to rule that at all. I simply asked a question.

Mr SKIDMORE: Clause 2 refers to the agreement, so surely it is not wrong for me to do so.

Mr. A. R. Tonkin: You are not allowed to talk because the Government does not want you to.

Mr SKIDMORE: I am talking to the agreement because under clause 2 it is mentioned. I would like to draw the attention of the Minister to what is required by the State Government to ensure that the company is aware of its responsibilities in regard to the finance involved in the purchase of the industry. I refer members to clause 6 of the agreement on page 15 paragraph (a). In this regard I say to the Minister that he can fool some of the people some of the time, but he will not fool me any of the time. On the one hand, he says that because certain words are in other legislation they are all right in this legislation. However, under clause 6 to which I have just referred the Government must enumerate the responsibilities and liabilities and it must give a firm undertaking as to what the company is purchasing. Consequently, surely it cannot be envisaged that there will be any other reserves or Crown land which may be required by the company at any time. I do not accept this, but if it is so then, on page 15, the Government is wrongly informing the company. I can then understand why on page 10 in clause 4(2)(b) of the agreement an escape clause has been provided which I would like the Minister to explain.

I would also like to deal with the queries raised regarding the land. I understand the company has been given 8 500 acres, plus. It is a fair slice of land for the company to use for the purpose of undertaking the production of pig iron. That is all it will do with the land for six years, according to the agreement. Why it wants 6 000 acres freehold to do that, I will never know. The Minister has not convinced me there is a need for any land to be given to the company. The company could be given the right to seek its timber requirements on that land if it so desired, but the land need not become part of the deal. It may be the Government's intention to enable a favoured company to get hold of some cheap land.

Clause 5 on page 14 relates to the allocation of consideration and it says—

> (5) On the Sale Date (or as soon thereafter as it is available) the State shall deliver a true copy of the Balance Sheet to the Company with such supporting statements or notes as may be requisite or necessary or which the Company may reasonably request in explanation thereof and shall by writing state the total consideration payable by the Company pursuant to the provisions of subclause (3) of this clause—

When I spoke to the second reading I asked the Minister to tell us what this industry was worth, how much its assets were worth, and for how much it was being sold.

Mr Mensaros: I replied to that, if you had listened.

Mr SKIDMORE: The Minister gave me a figure of $2.5 million as being the asset value of the industry, on top of which there were debts of $2.5 million. That has solved that problem, but I wonder how much we can write off on the basis of the perks the purchasing company will receive under the subsidies of $1.2 million.

I have another query in relation to paragraph (f) on page 19, which reads—

> (f) cause the Western Australian Government Railways Commission to transport iron ore between Koolyanobbing and the Industry at Wundowie as reasonably required by the Company subject to the Company maintaining an annual tonnage rate not less than the average of the three (3) years

immediately preceding the Sale Date—

This is the pertinent part—

The CHAIRMAN: Before the honourable member proceeds, can I take it he is speaking to clause 2 and will not speak to the individual clauses of the schedule when we come to it? I must put the schedule as a separate question.

Mr SKIDMORE: I am trying to save time. I do not intend to refer to the schedule at that particular time. The pertinent part of that paragraph is—

> . . . and paying the freight rate as stipulated from time to time in the Goods Rates Book of the said Commission unless the said Commission otherwise agrees;

The Minister says the company will get a subsidy of $200 000 a year for six years, which is a total of $1.2 million, subject to the airy-fairy arrangement to bring in 25 000 tons of ore to be processed into 25 000 tons of pig iron, which I do not consider is possible. Assuming it is possible, why is it necessary to allow the Railways Commission to agree to some other price per ton for iron ore? Is it envisaged the company will receive a special rate? That is precisely what this paragraph would allow.

I request that consideration be given to answering my questions in regard to freight and land.

Mr MENSAROS: The honourable member raised most of these queries during the second reading debate. I endeavoured to answer them and I do not think I can find better answers. In regard to the railway tariff, nothing new is being introduced. The Western Australian Government Railways Commission is perfectly entitled to and in fact does make agreements with customers according to its best interests, the nature and extent of the freight being carried, the various lines, and rolling stock. I cannot see what the query is here. I can assure the honourable member nobody is given special treatment other than in a businesslike way. This has been the case in the past and will be the case in the future.

I could not understand the point made by the honourable member when comparing clauses 14 and 15. He appeared to relate the description of land, which I explained to him during the second reading debate, and a transport concession. I could not understand the connection between the two.

Mr SKIDMORE: Perhaps it is not correct to say I am disappointed with the Minister's answer; it is about what I expected to receive anyway—no answer at all. I was saying that in one part of the agreement it is necessary for the Government to state precisely what are the assets and the costs to the company purchasing the industry, and on the other hand it provides an open-ended deal for some other reserves or Crown lands the company may require. I conclude by saying there is none so blind as he who does not wish to see.

Clause put and passed.

Clauses 3 and 4 put and passed.

Schedule 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 Mr Mensaros (Minister for Industrial Development), and transmitted to the Council.

BILLS (2): RETURNED

1. Mines Regulation Act Amendment Bill.
2. Bulk Handling Act Amendment Bill.

Bills returned from the Council without amendment.

BEEF INDUSTRY COMMITTEE BILL

Second Reading

MR McPHARLIN (Mt. Marshall—Minister for Agriculture) [12.27 a.m.]: I move—

> That the Bill be now read a second time.

Cattle producers have in the past shown a responsible attitude toward beef production. Producers have responded to policies of increasing cattle numbers and have geared production to the requirements of the developing export markets. Cattle numbers have been increasing at quite significant rates recently, to their present level of 2.3 million in Western Australia. Over the past five years, total cattle numbers have increased by 27 per cent.

Although slaughterings have also increased over the same period, they have not kept pace with the increase in cattle numbers, suggesting that once herds stabilise the Western Australian herd will have the capacity to increase turnoff substantially.

Slaughterings for 1973-74 were 480 000 and if the expected 10 per cent increase in the breeding herd is achieved this year, the turnoff for slaughter could be 518 000 this year and 563 000 in 1975. Slaughtering figures since the 30th June, 1974, are about 30 000 less than for the same period last year. Producers have been able to hold back stock because of the good seasonal conditions being experienced in Western Australia this year, hoping that prices would improve. Grain-feeding of cattle over the summer will.

prove a costly operation and it is more likely that slaughtering figures will increase during this period.

During the past year there has been a dramatic fall in saleyard prices for beef following the closure of the European and Japanese markets. A significant reduction in the American market has also occurred. Exports of beef to the USA since the 30th June, 1974, are 81 per cent of the figure for the same period last year. Beef exports to Japan over this period are 1 per cent of last year's corresponding figure and those to the United Kingdom are only 7 per cent.

Mr Jamieson: Is this a half-baked socialist measure?

Mr McPHARLIN: In a situation of such weak export demand there has been an inevitable effect on domestic beef prices. The average price for domestic baby beef at Midland saleyards during 1972 was 75c per kilogram and in 1973, 87c per kilogram. In June, 1974, baby beef prices fell from 94c per kilogram to 81c per kilogram. Since then it has continued to fall to less than 50c per kilogram. This figure is below the price of export manufacturing cow beef which operated between January and May of this year.

In the face of further expected declines in the price of beef intended for the domestic market, the Australian Meat Board recently convened a meeting of all meat industry organisations in Western Australia to discuss the problem. A steering committee, which was subsequently appointed to examine ways by which the decline in domestic beef prices could be arrested, recommended a voluntary minimum floor price scheme for five categories of beef—

Baby beef steers—weight up to 173 kg (380 lb.)

Baby beef heifers—weight up to 173 kg (380 lb.)

Prime trade steer beef—weight up to 227 kg (500 lb.)

Prime trade heifer beef—weight up to 227 kg (500 lb.)

Prime steer beef—over 227 kg (500 lb.)

Under this scheme, wholesalers agreed to pay the minimum scheduled weight and grade prices for beef falling into these five categories. The scheme was also intended to apply to cattle in those categories which were sold through the auction system or by paddock sales, by means of an appropriate adjustment to the scheduled prices.

It was intended that the scheduled prices would be reviewed weekly by a pricing committee composed of representatives of the meat trade, producer organisations, abattoirs and livestock agents.

Unfortunately, legal opinion indicated that the proposed scheme, although voluntary in concept, appeared to be in violation of the Trade Practices Act, 1974, and could only be made exempt either by appropriate legislation or by an application under a particular section of the Act which relates to organisations or bodies performing functions in relation to the marketing of primary products.

Beef is now being traded at quite unrealistic prices with respect to the domestic market, and it is considered essential that urgent action be taken to assist the industry as is provided for in the Bill.

The Bill proposes to establish a committee to be known as the beef industry committee. The committee will have seven members, all appointed by the Minister. All sections of the industry are represented on the committee, there is a consumers' representative in the person of the Commissioner for Consumer Protection, and there is provision for deputies of members.

Mr Jamieson: I notice the commissioner is well outvoted.

Mr McPHARLIN: It is intended that the committee will meet as necessary and fix the minimum weight and grade prices for which the classes and weight ranges of beef specified in the public notice may be bought or sold. There will be only five categories of such beef—baby beef steers, baby beef heifers, prime trade steer beef, prime trade heifer beef, and prime steer beef—all of which are eminently suitable for the needs of the domestic market.

The provisions of the Bill do not apply to store beef or to beef intended for export.

In order to meet the needs of producers desiring to sell at auction rather than weight and grade, the relevant minimum price fixed by the committee is able to be adjusted at the time of the sale of the live animal. This would be effected by a senior valuer of the agent conducting the auction. The valuer would convert the scheduled price to an on-the-hoof price, which then becomes the reserve. If this reserve price is not reached at auction, private sale would be negotiated.

The legislation is terminal and expires on the 30th June, 1975, or on an earlier date if circumstances should so warrant.

The successful implementation of the provisions of the Bill will depend upon a high degree of co-operation between the owners of the beef and the various sections of the industry.

The Bill will come into operation on a date to be fixed by proclamation.

The need to apply a measure to assist the industry has become apparent owing to the drop in the market. This Bill aims to assist at least certain sections of the industry and to establish a price which it is hoped will help them. This was proposed initially on a voluntary basis, but we received legal advice to the effect that the scheme should have statutory standing to comply with the exemptions of the

Commonwealth trade practices Act. That is why the Bill has been brought to the House.

Mr A. R. Tonkin: Does the Liberal Party agree with this socialist measure?

Mr McPHARLIN: We hope the Bill will be agreed to and that it will assist at least a section of the industry which is in serious circumstances. We hope it will assist in particular those who are entirely dependent on beef for their livelihood. The Government has realised there is a need for measures to be taken. We have introduced the Bill with the co-operation of all concerned in the beef trade and the industry. They all got together and agreed to co-operate. We have made provision for a representative of consumers to be on the committee.

Mr Jamieson: And he is outvoted seven to one.

Mr Taylor: And he is still a civil servant.

Mr McPHARLIN: He will protect the consumers, and he will have his say along with the others.

Mr Taylor: Through his Minister.

Sir Charles Court: He is your pride and joy.

Mr McPHARLIN: We have brought the Bill to the House as a result of the need to assist the industry wherever possible. We hope the measure is as successful as those who have made representations to the Government wish it to be. Of course, we will not know until it is put into effect.

Mr A. R. Tonkin: Does the Premier agree with this socialist measure?

Sir Charles Court: It is a transitory measure only until we get advice from the Commonwealth on its attitude towards the beef industry.

Mr McPHARLIN: If a national scheme is proposed, we will examine it; but this is a terminating Bill to fill in time while we wait for such a scheme. I commend the Bill to the House.

Mr Jamieson: You will get some editorials on this one.

Debate adjourned, on motion by Mr H. D. Evans.

LOCAL GOVERNMENT ACT AMENDMENT BILL

Returned

Bill returned from the Council with an amendment.

Council's Amendment: In Committee

The Chairman of Committees (Mr Thompson) in the Chair; Mr Rushton (Minister for Local Government) in charge of the Bill.

The amendment made by the Council was as follows—

> Clause 26, page 12, line 14—Delete the figures "1974" and substitute the figures "1975".

Mr RUSHTON: This is a very minute amendment to alter a date from 1974 to 1975, and is to rectify a position I undertook to rectify during the debate in this place to ensure that there is no retrospectivity in regard to clause 26. When I researched the matter I was interested to find that of the many local authorities I questioned in regard to the backdating of this clause, only one person was affected. I had undertaken to look into the matter, and that is the reason I deferred the handling of this amendment to another place. The amendment has now been made. I move—

> That the amendment made by the Council be agreed to.

Mr TAYLOR: As *Hansard* will show when it comes out, the presentation of the Minister tonight is just not good enough. Certainly his handling of the Bill when it was before us earlier was not good enough. He refers to this as a minor amendment. It is certainly a small amendment, but it has many consequences. The Minister said he undertook to do this. He did not; in fact, he refused to accept the amendment when it was presented in this place, and he allowed the Committee to divide on it. There was no indication that he had looked into the matter.

The Minister then said he had researched the matter. I suggest he should have researched it before the Bill came to the Parliament. Each year we have a Bill to amend the Local Government Act. Included in this particular Bill are nine amendments which are consequential from amendments made last year—admittedly when we were the Government—and two others which needed clarification from last year, making a total of 11. The Minister introduced one amendment himself; and he agreed to one from this side of the Chamber and rejected another which he now agrees to—and all this in connection with a small Bill which simply gives effect to minor amendments requested by local authorities.

This is just not good enough. The Minister complimented his department, and he also complimented himself at length on his performance as a Minister. I suggest that instead of completing the rounds of 180 shires he should study legislation before it comes to this place.

Mr McPharlin: Where did you get that number?

Mr TAYLOR: The Minister has already visited 100 shires, and I am not sure how many more he has to go. However, I suggest that instead of doing that he pay more attention to his legislation. I would have liked the Minister to acknowledge the fact that the Opposition moved this amendment; but other than saying that he undertook to change it—which he did not—he left us in the air.

Naturally, we have no objection to the amendment. However, I think it would behove the Minister in future to look carefully at his legislation and ensure it is reasonable before he presents it to Parliament.

Mr RUSHTON: I merely comment briefly that I think the member for Cockburn has become quite carried away in his handling of this exercise. Apparently he does not know much about local government.

Mr Taylor: You rejected this amendment; and you say I don't know much about it!

Mr RUSHTON: The position is clear. I have no doubt the Committee understands it.

Question put and passed; the Council's amendment agreed to.

Report

Resolution reported, the report adopted, and a message accordingly returned to the Council.

ROAD TRAFFIC BILL

Council's Amendment

Amendment made by the Council now considered.

In Committee

The Chairman of Committees (Mr Thompson) in the Chair; Sir Charles Court (Premier) in charge of the Bill.

The CHAIRMAN: The amendment made by the Council is as follows—

> Clause 109, page 105, line 32—Insert after the word "Act" the passage "(other than section 13)".

Sir CHARLES COURT: I move—

> That the amendment made by the Council be agreed to.

If members refer to *Hansard* proof No. 15 of the 12th November, at pages 3004 and 3005 they will note the comments of the member for Kalgoorlie in regard to which my colleague, the Minister for Transport, gave an undertaking that the point raised by the member for Kalgoorlie would be studied and a correction made in another place.

The comments of the member for Kalgoorlie are quite complete in dealing with the matter. I refer to the fact that he wanted it to be made quite clear to restrict the power of a local authority traffic inspector until he became a member of the new traffic authority. The note I have from my colleague is that a reference to this and other clauses was made by the member for Kalgoorlie during the third reading of the Bill and the Minister in charge of the measure agreed to look further at this point and arrange for suitable amendments to be made in another place.

The amendment meets with the request made by the member for Kalgoorlie; namely, that the provision in clause 13 would not apply until the authority had been properly convened. I commend the amendment to the Committee and no doubt the member for Kalgoorlie will wish to add his comments because he was the author of the amendment.

Mr T. H. JONES: What the Premier has said is correct, but I draw the attention of the Committee to the fact that this is only one of the amendments on which a stand was taken by those on this side of the Chamber, and it will tidy up the relevant provision. If the amendment had not been made in another place under the provisions of clause 109 a traffic inspector would have had the powers of a policeman. It is regretted the Government did not accept the other amendments that were placed on the notice paper by the Opposition when the Bill was previously before this Chamber and I think the Government will eventually regret it did not accept those amendments.

The Bill, of course, has not yet been put into operation and we on this side of the Chamber are not quite sure about some of the provisions it contains. This amendment is the subject of one matter that was drawn to the attention of this Chamber by the member for Kalgoorlie when the Bill was previously before it and we support the amendment with the reservations I have made.

Question put and passed; the Council's amendment agreed to.

Report

Resolution reported, the report adopted, and a message accordingly returned to the Council.

LOAN BILL

Second Reading

Debate resumed from the 20th November.

MR J. T. TONKIN (Melville—Leader of the Opposition) [12.50 a.m.]: Every year it is necessary to introduce a Bill of this kind to obtain authority to raise certain loans to finance works which are specified in the schedule to the Bill and which are paid for by moneys taken from the Loan Fund. The amount for which authority is sought this year is $60.54 million.

If members attempt to reconcile that figure with the total of the works listed in the schedule they will find it is not possible and the reason is that the value of the works has increased because of a carryover of authority that was obtained previously. That does not mean there is anything wrong in what is being attempted; it is simply an indication that it is not necessary to raise precisely the same sum as would be arrived at by totalling the amount set alongside each of the specified works in the schedule.

The Australian Government has agreed this year to raise, on behalf of all the States, some $701 million. It is the responsibility of the Commonwealth to raise that sum. This is one of the reasons for an increase in interest rates.

When it becomes necessary for the Australian Government to go on the market to attract money which can be distributed to the States, it would be useless for it to expect to get the money unless the rate of interest it offered was superior to that being offered by a number of other organisations. It is true that the Australian Government has an advantage in that there is no possibility of risk of losing the money so investors will be prepared to accept the somewhat smaller rate of interest than they would otherwise be prepared to accept.

Nevertheless the rate of interest offered by the Australian Government has to compare reasonably with the rates offered by building societies, finance companies, and semi-Government institutions. So it is rather odd to be blaming the Australian Government for increasing the interest rate on its loans when, if it did not do so, the States would go without a good deal of the loan money it is necessary for them to obtain.

It is indicated that this year, because of the tight liquidity position, it is unlikely that the total amount being sought by the Australian Government will be obtained. The States are entitled to get the amount allocated to them so the shortfall will be made up in two ways; the Australian Government will probably go on the foreign market and borrow additional money and will also make a grant from its resources to the States. The States will have to pay interest on the money which they can be sure they will receive, through the Australian Government, on their proportion of the total of the $701 million.

I was rather amused to hear the Treasurer say that the Commonwealth should limit its take on the local market in order to leave the way open for semi-governmental borrowing and for borrowing by local authorities, because if the Commonwealth deliberately raised its interest rates in order to make certain it gets somewhere near to filling its loans, it would be foolish of it to go on the market with the intention that it does not care just how much money it raises locally, because it will be prepared to go on the foreign market and pay more for its money and, in turn, have to charge the States more.

I think that would be a foolish procedure. In my view the Australian Government should attempt to raise the sum of money which the Loan Council determines the market should be able to provide, having regard to the financial considerations operating at the time.

When the Loan Bill was before Parliament last year the then Leader of the Opposition said the Government could have used the $7 million which we had set aside out of capital grants for the purpose of financing the deficits for schools, hospitals, and the like, or could have made money available to the Minister for Works for public works of various kinds. I say precisely the same to him on this occasion. The only difference is that he has taken more money from the loan funds than I did because he requires approximately $8 million which he has set aside in case there is a shortfall in the loan requirements of semi-Government authorities, and he has to provide for his own deficit of just under $9 million.

So whereas I set aside $7 million out of the loan funds available, and was reminded by the then Leader of the Opposition that I was reducing the funds available for schools and hospitals, by $7 million, he is following the same procedure which he criticised as Leader of the Opposition but, on this occasion as Treasurer, to the extent of $17 million.

Mr Davies: He just wants to be better than you, that is all.

Mr J. T. TONKIN: I just mention that to show how one's attitude changes according to the side of the House on which one sits and that what is supposed to be a reprehensible practice in the eyes of the Opposition becomes a virtue when the Opposition becomes the Government.

This is a machinery Bill. It is nothing new. Authority is required to raise the money to spend on the works listed, and naturally we support the Bill.

SIR CHARLES COURT (Nedlands—Treasurer) [12.59 a.m.]: I thank the Leader of the Opposition for his support of the Bill. Briefly, I make the observation that we have to get the interest rate in its proper perspective. The Commonwealth Government deliberately set out to take money out of the common pool when it first adopted its scard high interest money policy. This was intended to drain off money from the private sector, and from a number of other normal users of funds and the way it was decided to do it was to make Commonwealth loans more attractive.

Hence the decision to put the interest on Commonwealth bonds up to a record high rate.

It was not a question of their trying to achieve a situation by chasing money in competition with other people, and elevating their rates to get on top for the sake of filling their own coffers. It was for a reverse situation; to get more money than it needed for its own immediate use out of the common pool to make money scarcer and dearer for the private sector and thus cool down the economy. We know the result of that.

Mr J. T. Tonkin: I do not agree that that is why it put up the rate because the indications are, on the Treasurer's own words, that even if it increased the rate of interest it would not get the amount of money it was seeking.

Sir CHARLES COURT: I will come to that in due course. I am talking about the original decision when there was a great deal of money in Australia and the Commonwealth wanted to drain some of it off. That Government reached the unprecedented decision—for a Labor Government—which was very hard because it was contrary to its basic philosophy and objectives—and decided to put up the bond rate to record levels and draw the money off to cool down the economy. We had the situation where that procedure went too far and the Commonwealth would now like to reverse the situation. It is endeavouring to do just that.

So far as we are concerned now, if the Commonwealth does get out of the way and does make its bonds less attractive to the investors, it will give us a chance to get some money for semi-governmental instrumentalities, because most are desperate for money at the present time.

Discussions are taking place between all the Under-Treasurers and the Commonwealth Treasury in order to reach a decision on how best to handle the situation. That, of course, is dealing specifically with the semi-governmental instrumentalities such as the State Electricity Commission and that type of undertaking, as distinct from the Commonwealth's own underwriting of the loan programme.

That brings me back to underwriting by the Commonwealth. What the Leader of the Opposition has said is correct. The Commonwealth is obligated to underwrite the amount of money it accepted at the Loan Council meetings. As the Leader of the Opposition is aware, if the States used their numbers to outvote the Commonwealth, and increased the amount of $700 million to, say, one million million dollars that would sound lovely as far as the States were concerned but the Commonwealth would still raise only the amount it was prepared to underwrite; in this case, about $700 million. The States would have to limit their programmes to the amount of money the Commonwealth Government agreed to underwrite.

It is expected the Commonwealth will not be taking out of the market all the money it needs to underwrite the amounts for the States, and it will then have to provide a proportion of that money from its own sources, of which it does have some. The arrangement is quite clear-cut, as the Leader of the Opposition has said, and interest has to be paid at an agreed rate. There is a formula so no argument arises. Once we take the Commonwealth money, to make up the balance of the amount underwritten, then of course we automatically accept the responsibility to pay the interest at that predetermined rate. I do not know the amount the Commonwealth will have to pay in this year to make up the amount underwritten, but I am sure it will be considerable because at the moment it is keeping out of the market in order to release more money for the private sector. I thank the Leader of the Opposition for his support.

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.

Third Reading

Bill read a third time, on motion by Sir Charles Court (Treasurer), and transmitted to the Council.

SMALL CLAIMS TRIBUNALS BILL

Returned

Bill returned from the Council with amendments.

House adjourned at 1.08 a.m. (Wednesday).

Legislative Council

Wednesday, the 27th November, 1974

The PRESIDENT (the Hon. A. F. Griffith) took the Chair at 2.30 p.m., and read prayers.

QUESTIONS (2): WITHOUT NOTICE

1. AGRICULTURAL PRODUCTS ACT AMENDMENT BILL

Appointment of Inspectors and Officers

The Hon. V. J. FERRY, to the Minister for Justice representing the Minister for Agriculture:

In respect of the Agricultural Products Act Amendment Bill, 1974, what source of funds will support inspectors and other officers to be appointed under proposed new section 2A (1)?

The Hon. N. McNEILL replied:

I am grateful to the honourable member for notice of the question the answer to which is as follows—

No new appointments are intended to be made.

Certain officers at present gazetted as inspectors under the provisions of the Plant Diseases Act will be appointed as inspectors under the authority of this clause.