

THE REAL GOLD

A HISTORY OF GOLD ESTATES OF AUSTRALIA LTD
AND GOLD ESTATES OF AUSTRALIA (1903) LTD

Michael Gregg & Juliet Ludbrook

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FOREWORD

It is rare for a company to exist more than 100 years, but even more so when it is a property developer, centred in the ‘boom and bust’ Australian commodities capital, Perth. With its London based shareholders and Board, Gold Estates in its early years invested in a variety of businesses – from gold mining in Kalgoorlie and Menzies, to copper mines in Russia and dredging in Africa – but it was property development that sustained it for more than a century.

It is clear from this book by Michael Gregg and Juliet Ludbrook that the stability of shareholders and quality of management, of which Michael, his father, grandfather and now his son have been part, are responsible for its achievements and sustainability.

I find it difficult to comprehend that this relatively modest sized company has been involved in developing parts of so many of Perth’s well known suburbs. Maylands and Bayswater, Scarborough and Bentley, Yokine and Karrinyup, Bickton and Inglewood and now Thomsons Lake and the aptly named Success. For Gold Estates to survive the ‘busts’ and not have been seduced by the ‘booms’, like so many of its peers, defines success in this very cyclical industry.

Even so, when based in Australia’s so-called ‘Wild West’, the history wouldn’t have been complete without a touch of Alan Bond, Adelaide Steamship Company and a ‘very generous’ foreign takeover. Some questions relating to a State Government land tender during the ‘WA Inc’ years remain unresolved which adds to Gold Estates’ rich history.

The current shareholders of Gold Estates continue to benefit from one of the biggest property booms in history, thanks to acquisitions made in the 1970s and 1980s by manager Richard Noble and Co, under Michael Gregg’s stewardship, re-enforcing the long term nature of successful property development.

In the Chairman’s statement of 1964, Donald Milne stated that ‘Our prosperity is of course dependant on two factors – the progress of Australia as a whole and Western Australia in particular, and our ability to acquire at reasonable prices land suitable for development and resale at a profit.’ And those words remain as true today for the current board as they were nearly 50 years ago.

I encourage you to read Michael and Juliet’s contribution of the rich history of one of Australia’s oldest property developers

Geoff Anderson,
Chairman, Gold Estates Holdings Pty Ltd

ACKNOWLEDGEMENTS

Researching the history of a Company incorporated in 1895 and its successor dating back to 1903 is a task requiring great patience and the co-operation of my co-author, Juliet Ludbrook, and erudite associates.

Grateful acknowledgement is made for the assistance of the UK Company's office who made impeccably kept statutory records, dating back to 1895, available together with a desk and copying machine in their London office.

A special note of thanks is due to the late Sally Senior, a talented author who assisted with research and the manuscript prior to her death in 2011.

Finally, without the encouragement and understanding of Ann, my wife of 53 years, this book may not have been published.

Michael Gregg

MONEY DETAILS

£ = pound

s = shillings

d = pence

£1 = 20 shillings

1 shilling = 12 pence

*To calculate comparable values see the
National Archives Currency Converter at
nationalarchives.gov.uk.*

THE RUSH FOR GOLD

1895-1903

PRIOR TO THE DISCOVERY OF PAYABLE GOLD AT HALLS CREEK IN 1885, the story of mining in Western Australia had been limited to the extraction of copper and lead found between the Murchison and Chapman Rivers. Following the gold finds in the Eastern States in the 1850s, rewards were offered by private and government entities in Western Australia to identify gold deposits at home. Convict labour had not solved all its problems and the young Colony was desperate to find ways to boost its economy.

Although the Halls Creek rush was short-lived, the find attracted investors to the State and led to new discoveries in the Yilgarn (1888), Pilbara (1888), Ashburton (1890) and Murchison (1891). In 1892 gold was discovered at Coolgardie and the following year at Kalgoorlie – a region that was destined to become the most productive gold mining area in Australia.

The discovery of gold in Western Australia coincided with the London Stock Exchange being ready to take advantage of a mining boom. With gold prices remaining stable while other commodity prices and world trade were generally at a depressed level, British companies, with large amounts of capital, were searching for new investments. As a result much of it went into gold shares. Thus, unlike the pattern of internal capitalisation of the industry on the goldfields of eastern Australia, New Zealand and the west coast of North America, in Western Australia the major part of production and mine development was supported by British capital.¹

By 1894 gold was £4 10s 0d per ounce, a princely sum for many as most working class people earned less than £2 a week.²

The atmosphere at the time in London is well summed up by Geoffrey Blainey:

1 McCarty, J W, 'British investment in Western Australian gold mining 1894-1914', *University Studies in History*, Vol.4, no.1, Dept. of History, UWA.

2 Hobson, John A, *Problems of Poverty*, 1891. Sixth Edition 1906. www.gutenberg.net

Whereas dividends from most companies had fallen because prices for most commodities were lower in the world-wide trade slump of the early 1890s, the price of gold was unchanged. Therefore gold shares became attractive. English money in the middle of 1894 began to pour into the rising goldfield on the Rand and by the end of 1894 South African gold shares dominated the London 'change. Never before did Britain invest so much money in foreign mines. No broker could remember a boom to rival that part of the London market known as the Kaffir Circus. Though Western Australia in 1894 mined a mere eighth as much gold as the Rand, its shares too were snatched so eagerly that a 'Westralian boom' began to match the Kaffir Circus.³

In two years 690 Western Australian gold mining companies were floated in London.⁴ One of these companies, formed by a group of London based business men swept up in the gold fever, was Gold Estates of Australia Ltd.

NEW COMPANIES REGISTERED IN LONDON.

Gold Estates of Australia, Limited.

This company has been registered by Messrs. Burn & Berridge, 11 Old Broadstreet, EC., with a capital of £100,000 in £1 shares. The object is stated to be to search for, prospect, examine, and explore mines and ground supposed to contain minerals or precious stones; to search for and obtain information in regard to mines, mining claims, mining districts and localities; to purchase, take on lease or concession, or otherwise acquire, mines and mining rights etc., and to carry on the general business of miners and smelters in Australia or elsewhere. The first signatories are:- Messrs M. J. Barn, 11, Old Broad Street, E.C.; G. W. Brown, 78, Belsize Park-gardens, N.W.; M. S. Cooke. 65, Old Broad Street, E.C.; F. P. Crowther, 8 Tower buildings, Liverpool; E. Edmondson, 60 Castle Street, Liverpool; Sr J. Kitson, Bart, Gledhow Hall, Leeds; C. G. Millar, St. Ermin Mansions, Westminster; C. A. Moreing, Broad-street House, E.C.; J. C. Reid, 1 and 5, Austin-friars, E.C.; T. Phillpotts, 42, Graham House, E.C.; A. H P. Stoneham, 29 St Swithin's Lane E.C. ; and D. Weston, 138 Leadenhall Street, E.C. The first directors – to be

³ Blainey, Geoffrey, *The Rush That Never Ended*, p 181

⁴ *ibid.*, p 184

not less than three nor more than six – are to be elected by the signatories. Qualifications £100. Remuneration, £200 each per annum to be increased according to profit. Registered office :- 42-47, Gresham House, E.C.

Western Mail 19 January 1895, p 5-6

Incorporated in December 1894 (the full prospectus was printed in *The Times*, 12 December 1894), the Company was established with authorised capital of £100,000⁵ initially made up of 96,403 x £1 shares and 3,597 shares paid to 10 shillings to invest in Western Australia. The list of shareholders at the time was extensive, with holdings varying from 5,000 to as few as 20 shares, with the majority around 100 to 200. No doubt investors felt safer with their money spread over several companies while it was also probable that those with the smaller holdings were those with modest means.

Elected as Directors at the first meeting were Frederick Powell Crowther, Edward Edmondson, Charles Gibson Millar and Thomas Phillpotts. Dyson Weston was appointed as the Managing Director. As a report in *the Australian Trading World* of 15 December 1894 stated:

We incline to regard this company as favourably constituted. The directorate is something more than respectable; it is composed of experienced business men ...⁶

Both Weston and Millar had substantial connections to the Australian colonies. Millar's connection with Western Australia was already established as he and his brother Edwin had helped found the Great Southern Railway Company (1889) and negotiated concessions from the Government to exploit the jarrah and karri forests of the South-West.⁷

Dyson Weston, with his family and servants, had spent just over a year in Tasmania (December 1891 to March 1893) and taken an active interest in Australian mining prospects and current affairs. In September 1892, concerned about a new tax on stock (thereby increasing the cost of food), he had

5 c. £5,800,000 (sterling) in 2005 (2013: nationalarchives.gov.uk)

6 *Western Mail*, 26 January 1895, p 32

7 *Western Mail*, 24 February 1900, p 24. Millar resigned in 1897 due to ill health. He died in 1900. Millar's Karri and Jarrah Company (1897) became Millar's Timber and Trading Company (1912).

suggested instead a tax on racehorses and trotters, deploring the colonial governments imposing 'idleness upon their people' through the declaration of public holidays, including race days, as 'flimsy excuses for pandering to the popular vote which places them in power'. He added with some sarcasm:

Let us be merry, and let posterity pay the piper, and if posterity cannot, well, the bloated British investor must whistle for his interest while we shall be playing harps in another world.

Pointing out the large debt owed by both the government and private individuals in Australia to England he saw the only answer was in Federation with a central government able to offer emigrants from Europe:

... free grants of Government land under conditions of clearing and cultivation before freehold title granted; then, with their own militia and navy, the united colonies of Australia will take rank in the world as a populous, producing, prosperous and powerful state of the great British Empire.⁸

Less is known about Crowther, Phillpotts and Edmondson other than that their names appear as directors in various other companies around the same time.

Sir George Shenton was appointed the local Director in Western Australia. With London and Western Australia being so far apart and the slowness of communication, in spite of the new cable service⁹, it was vital to 'have a man on the spot'. Shenton, a member of a successful pioneering family and an experienced merchant and politician, was an excellent choice as Director. Still a member of the Legislative Council (retiring from politics in 1906) his services on boards and committees were soon to become much in demand.¹⁰ He was also the head of

THE COMPANIES ACT, 1893.

**GOLD ESTATES OF AUSTRALIA,
LIMITED.**

NOTICE is hereby given that the office or place of business in Western Australia of the "Gold Estates of Australia, Limited," is situated in the A.M.P. Society's Building in St. George's-terrace, Perth.

Dated this 6th day of June, 1895.

CHARLES ERNEST DEELEY,

Attorney for the said Company in
Western Australia.

STONE & BURT, Solicitors, Perth.

The West Australian 8 June 1895, p 8

8 *Mercury*, 2 September 1892, p 3

9 Broome submarine cable connected Australia to Colombo via Java 1889. Mosman Park cable via Cocos Islands completed 1901. *Historical Encyclopedia of Western Australia*, p 218

10 De Garis, Brian, *Australian Dictionary of Biography*

a syndicate that led to the discovery of gold at Menzies¹¹ where the 'Lady Shenton' became amongst the best known mines.

The Company's bankers were Lloyds Bank Limited, and Messrs Burn & Berridge their appointed solicitors. As was customary for companies involved in mining, a firm of well-respected consulting engineers was required and Bewick Moreing & Co. was appointed.¹² An office was set up at 20 Bishopsgate Street within the central London area and Joseph George Coldwells employed as Company Secretary. An office was also established in Perth, Western Australia, managed by Charles Ernest Deeley.

Deeley had arrived in Melbourne from England in 1869 at the age of twenty and worked as a travelling representative, 'over almost the whole of Australia', for the hardware company, McLean Brothers and Rigg. Having achieved the status of partner, in 1882 he opened a branch of the business in Adelaide and became a keen investor in mining and a member of the Adelaide Stock Exchange. In 1886 he was working with Adcock Bros & Co.¹³ of Palmerston (Darwin) and Derby and appears to have acquired a reputation for being something of an authority on the Kimberley finds. Having purchased some gold samples from successful miners in Derby his views on the Kimberley goldfields were quoted in a newspaper article:

... All I am afraid of is a big rush, with a lot of men, with no money. This is the nearest port, and the best road is from here, but the field is 300 miles inland at least, and poor men cannot get there. It never will be a poor man's diggings. They must have horses.¹⁴

WB Kimberly in his *History of West Australia* states that Deeley visited Western Australia (presumably on a subsequent occasion) to compile an exhaustive report on the Coolgardie blocks of Great Boulder, Lake View, Royal Mint and Ivanhoe for the benefit of Adelaide shareholders:

After this careful survey he went to London on mining business, and with the ready assistance of a few friends successfully launched a new

11 Menzies was named after prospector and mine manager L R Menzies.

12 In 1897 Herbert Hoover (later 31st US President) was engaged by Bewick and Moreing to undertake mine examination and exploration work on the WA goldfields. He turned the Sons of Gwalia gold mine near Leonora into a spectacularly successful venture.

13 Adcock Bros were associated with McLean Bros and Rigg in an insolvency case (*Advertiser*, 18 May 1889, p 3).

14 *Daily News*, 14 May 1886, p 3

corporation called the Gold Estates of Australia, Limited ...¹⁵

After six months in England he was interviewed on his return to Adelaide by a reporter from the *South Australian Register* who canvassed his opinion on a number of issues. In the article Deeley is quoted as saying that although South African ventures were the fashion and there was some concern about the permanency of the Western Australian goldfields, 'there is a strong feeling in London now that the fields are going to be actually permanent, and there is any amount of capital waiting to go into them'. He



Charles Deeley

From WB Kimberly's *History of West Australia*

also refers to the lack of publicity given to Australia in general, and, though London papers were full of telegrams from all parts of the world, 'were it not for the reports of cricket matches or some great disaster Australia would hardly be mentioned; it wants advertising more'. He was also interested in the use of Western Australian timbers for London roads including 'karri, jarrah and the best red and blue gum. Stringy bark is unsuitable.' Of his visit to London he was left with a very favourable impression:

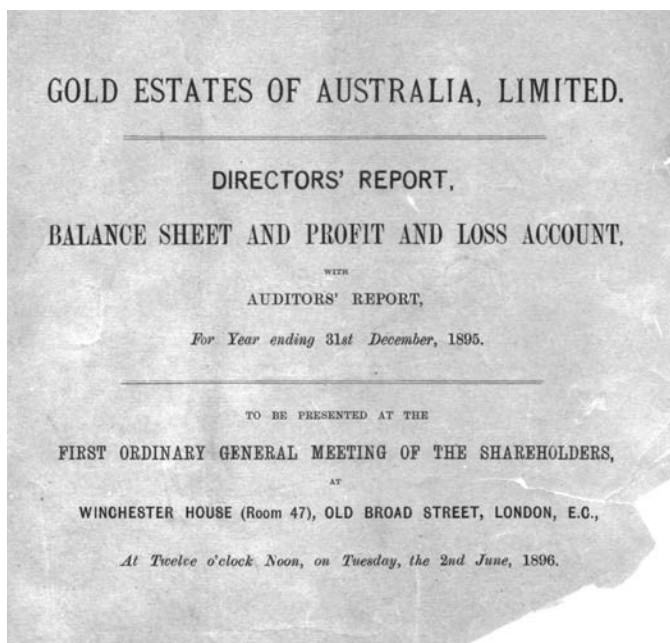
... the beautiful way in which the streets are paved, the marvellous way in which the traffic is regulated, and the excellence of the hansom cabs which are fitted with indiarubber tyres¹⁶

In Kimberly's account of Deeley's business affairs in Western Australia Deeley is credited with much of Gold Estates' success including the Company's 'honest aversion to deception by fraud, cheater, and *wildcats*'.¹⁷ The primary object of the Company was to purchase and re-sell gold mining properties in Kalgoorlie,

15 Kimberly, WB, *History of West Australia*, 1897, pp109-110 as reproduced in Wikisource 2012 (should have appeared as 'with a paid capital of £100,000.' – Michael Gregg)

16 *South Australian Register*, 18 April 1895, p 6

17 Wildcats – in mining terms a mine that is not worth working.



Coolgardie, Yilgarn, Murchison and other goldfields in Western Australia. Of the Gold Estates' Manager in Perth, Kimberly also notes he 'has not shrunk from perils and hardships. He is cool and logical; reasoning is solely responsible for his speculative success.'

At 12 noon on Tuesday 2 June 1896, the First Annual General Meeting of

shareholders of Gold Estates of Australia Ltd was held at Winchester House (room 47), Old Broad Street, London EC. Here they were presented with the Directors' Report, Balance Sheet, Profit and Loss Account with an accompanying Auditors' report for the year ending 31 December 1895. After income tax of £3,000, profit for the year was £75,247. The dividend for the year was at the rate of 30% though much of this profit was derived from exchanging leases for shares in other companies. It should be noted that the Directors were entitled to a percentage of the profit which was to take its toll on the cash reserves of the Company.

Included in the Directors' Report were details of companies in which Gold Estates had invested. A number were located in the vicinity of Menzies, a town situated in the Eastern Goldfields of Western Australia, north of Kalgoorlie and were described in the following manner:

MENZIES GOLD REEFS PROPRIETARY LTD

Capital £175,000, owning 122 acres at Menzies; this company has its principal mine (the well known Friday Claim) fully equipped with plant and machinery, including a 20-stamp battery, and is now crushing. The reserves of payable quartz 'in sight' available for the mill are estimated to exceed 10,000 tons.



Menzies Crusoe Gold Claims Battery, 1890s.

State Library of Western Australia 4974B/61

MENZIES CRUSOE-GOLD CLAIMS LTD

Capital £200,000 – acquired 44 acres from the Menzies Gold Reefs Company. The mines are opened up and valuable ore reserves have been developed. The company has hired 10 stamps pending erection of its own battery, and crushing commenced last month.

MENZIES CONSOLIDATED GOLD MINES LTD

Capital £225,000 – owns the St. Albans group of claims comprising 42 acres and the Royal group of 96 acres, a total of 138 acres at Menzies. The latest reports of developments are highly satisfactory and it is intended to equip the mines with crushing mills and machinery.

MENZIES WATERWORKS LTD

Capital £60,000. This company has erected powerful pumping machinery at Lake Ballard¹⁸, seven miles north of Menzies and is now completing its pipeline to Menzies town and mines. It is expected to turn on the supply of water to the batteries at Menzies during the present month. The late copious rains have created an enormous reserve of water at the lake.

¹⁸ Although Lake Ballard is referred to here, in the 1896 Report and in contemporary newspaper reports the lake is referred to is Lake Barlee.



Menzies Consolidated Gold Mines 1890s.

State Library of Western Australia 4579B/20

Water is an essential commodity used for the extraction of gold from mined ore. One of the first large pieces of equipment acquired by a producing mine was a battery, which required reasonably large quantities of water to operate.¹⁹

Before the Waterworks company was formed, there were several cables sent by the London office expressing concerns about the reliability of water supply from Lake Ballard. Although the cable book of the Perth office has not survived to check the replies, they were obviously able to re-assure Head Office. However, it is now known that water in inland lakes following heavy rains is relatively short-lived, with most being lost through evaporation often in less than twelve months. Unaware of these facts, a cable was sent from London to Perth stating that the London office would do its best to promote Menzies Waterworks. Investors were to subscribe £15,000 and receive a bonus of 15,000 fully paid

¹⁹ These early batteries were frequently set up in the open, close to the mine, and sold on, if possible, if and when that mine failed. Batteries came in the form of five or multiples of five stamps which crushed the ore to a fine powder. This was mixed to a slurry with water and flowed over a copper plate coated with a thin layer of mercury which caught the particles of gold. The larger pieces of gold could then be hand picked, as gold is resistant to being powdered, while fine gold was held in the mercury. At intervals the plates were scraped clean and the gold removed from the mercury by heating. All of these processes required water. The engine used to drive the battery was steam powered and water was necessary for the slurry. As the only fuel available was wood, most mining areas soon became denuded of trees which were not only used as fuel for steam engines but, once mines went underground, timber was used for mining props and shaft reinforcing. (Information supplied by Sally Senior)

shares pro rata. Authorised capital was to be £50,000. Unissued capital to be £20,000, of which £5,000 could be placed immediately.²⁰

It appears the company was promoted solely by Gold Estates and in August 1895 London advised the Perth office that capital for the Menzies Waterworks was now fully subscribed. In the same cable the recipients are urged to 'make sure of your ground before you proceed ... as soon as you are satisfied, order as quickly as possible pumping machinery'.²¹

WB Kimberly, in his *History of West Australia* (1897) remarks:

One great success of the company is in the water scheme, which can at the present time pump 30,000 gallons per hour. Sir John Forrest rendered every assistance towards the completion of the scheme and Mr Deeley speaks of his [Forrest's] disinterested services in terms of great praise.²²

Two other companies were also listed in the Gold Estates Annual Report for 1895.

MENZIES ALPHA LEASES, LTD

With a Capital £120,000 the Menzies Alpha Leases have been formed to acquire from Gold Estates, 44 acres at Menzies, adjoining both the 'Lady Shenton' mine and the Menzies Gold Reefs property. Several reefs have been discovered but the developments have been mainly upon a reef which at 100 feet depth is 2 feet wide, giving 5 ounces of gold per ton.

The second company, Octagon Explorers Ltd, in which they 'held a considerable interest', was formed to acquire the business of the Octagon Syndicate, a West Australian prospecting association, which had two of Gold Estates' Directors on its Board.

None of these gold exploration companies exist today and dividends paid were minimal. Nevertheless, at the time, the Company could see nothing but increasing returns from their gold producing investments. In this first year Gold Estates also began its first tentative venture into the area of real estate, near their mining interests, in Menzies. Thus the Annual Report for 1895 also includes the following:

20 London Cable Book, 26 June 1895

21 London Cable Book, 26 August 1895

22 WB Kimberly, *History of West Australia*, pp 109-110 as reproduced in Wikisource 2012

TEN TOWN LOTS AT MENZIES

Now that the Western Australian Government has decided to construct a railway from Coolgardie to Menzies, our manager considers this property will prove a very profitable investment, and this judgement has been confirmed by the sale of one-third of the lots at a profit of nearly 100 per cent on the average cost.

Deeley and his employers back in England would have been aware that gold attracted more than just miners, though someone in London must have voiced some apprehension. In October 1895 a cable had arrived in Perth regarding the purchase: 'Is it worth as much as £7,500? Are you able to cancel?'

These misgivings proved to be well founded. The lots did not prove to be a satisfactory investment as they cost an average of £550 each and, though some were sold at £1000, four were still owned by the Company in 2002, their value estimated

DATED 26th February 1896

Menzies

Town LOT 45

A. 0 R. 1 P. 0

GRANT

TO

The Gold Estates of Australia Ltd

Charles Ernest Deeley

ENTERED on Record this Twenty sixth

day of February 1896.

R. No. 11

Folio 49

G. J. Morris
for Commissioner of Crown Lands.

CERTIFICATE made out in conformity with

56 Vict., No. 14, section 18, and registered,

Vol LXXXI Folio 74

Date 29th February 1896

Alfred E. Burt
Registrar of Titles.

Examined by

M.



Shenton Street looking south, Menzies. 1890s.

State Library of Western Australia 4947B/37

to be less than £100 (sterling) each. It is worthwhile mentioning that the last Menzies block was sold in 2003 for A\$1500. Perhaps the moral of the story is that boom conditions in property normally finish in tears.

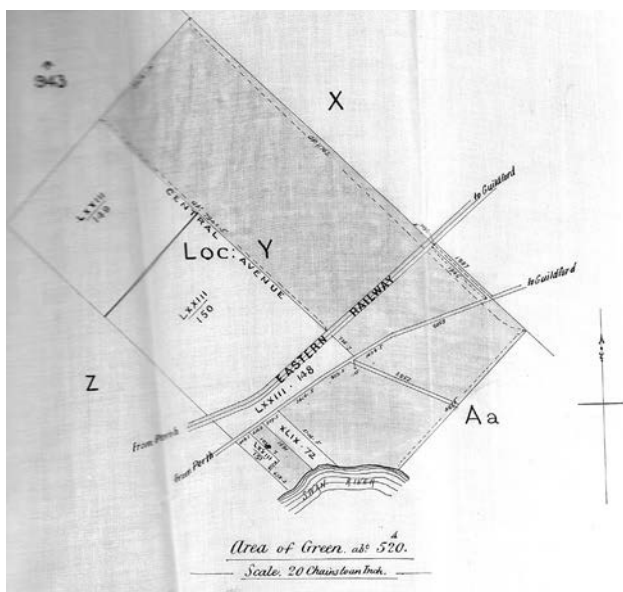
A more astute purchase had been made in May 1895 with the acquisition of parts of Swan Location Y. The freehold property, of 700 acres on the outskirts of Perth, was one of the original 'ribbon' grants drawn up by Surveyor General J S Roe in November 1829. The 'ribbon' grants (strips of land spreading out from the Swan River) gave the early European grantees access to their principal means of travel and communication in the new colony – water transport. By the 1890s many of these grants were owned by absentee landlords living either in the Eastern States or overseas. With the opening of the Perth to Guildford Railway line in 1881 and now, with the discovery of gold, speculation in the area intensified.

As Kimberly wrote of Charles Deeley's business acumen:

From the attractions of mining, as binding as exciting, he could pass cool and calm to unenriched land speculations. For his company he made several purchases of real estate. In 1895 he bought 'Maylands' with an area of 716 ²³ acres, which is now being subdivided and sold in lots.²⁴

23 The exact acreage of the area purchased is unclear as different figures appear in different documents. Even in the 1950s there were still some discrepancies in reconciling the Land Register between London and Perth. (Michael Gregg)

24 WB Kimberly, *History of West Australia*, pp109-110 as reproduced in Wikisource 2012



Parts of Swan Location Y

Registered Vol.LXX111 Fol.152

Other folios in the Register include Fols. 148-151

Apart from its considerable frontage to the Swan River, Swan Location Y commanded fine views of Perth and the Darling Ranges. It was also intersected by the railway and the High Road from Perth to Guildford.

The estate was purchased for £5,250, at less than £100 per acre, and today comprises the Perth suburbs of Bayswater as well as parts of Mt Lawley, Inglewood and Maylands.²⁵ With the

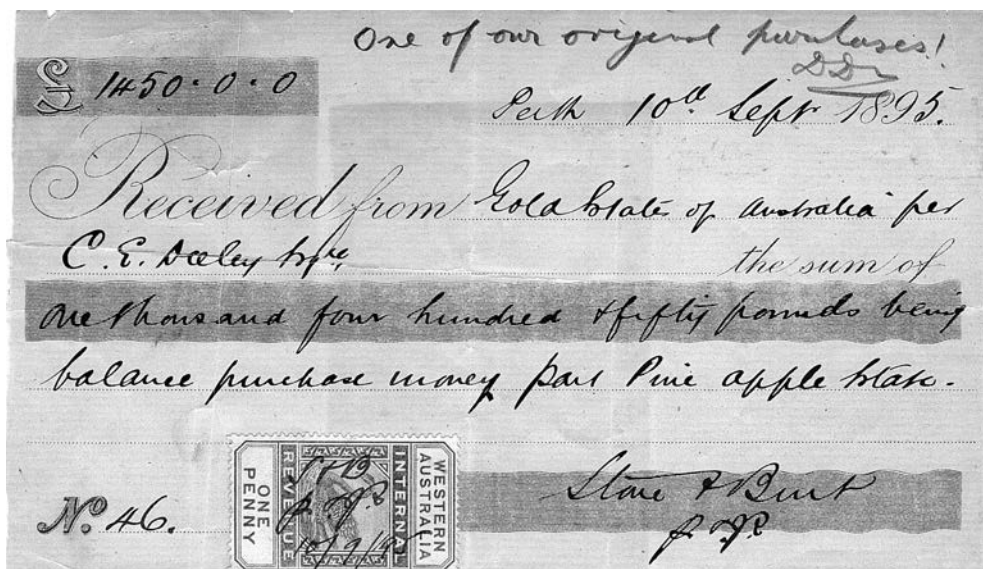
population of Perth growing due to the influx of people from other colonies and overseas, a bright future was seen for this investment. The property was initially referred to by several different names: the 'Pineapple Estate'²⁶, 'Perth Estate', 'Maylands Estate' and even the 'Fremantle Estate'. In the second Annual Directors' Report, the Land Valuer, CA Paterson, wrote:

The Pineapple Estate is a most valuable one: comparing it with other properties. I have no hesitation in saying that it is better situated and more valuable than similar sub-divisions which to my certain knowledge are selling readily at £100 per acre and upwards. The whole of that portion between the eastern railway and south eastern boundary should realise over £100 per acre and the close proximity of the whole property to the City makes it a most desirable suburban estate.²⁷

25 The person responsible for naming Maylands remains a mystery. The most likely contenders are Edgar Hamer (the most often acknowledged) or Charles Deeley (who purchased the land for Gold Estates). Further information is available in Catherine May's *Changes They've Seen* and Cooper, W S and MacDonald, G, *Diversity's Challenge: a history of the City of Stirling*.

26 The name referred to the failed 'Pineapple Inn' established by John and Mary Gregory on Location Y in the Maylands – Mount Lawley area. The Gregorlys had left the area by 1830 due to the unsuitability of the land for agriculture and the sandy Guildford road brought few travellers. City of Bayswater Municipal Inventory October 2006, www.bayswater.wa.gov.au

27 GEA Ltd, Annual Report 1895



Receipt for Pineapple Estate 1895

One of the Directors, Charles Millar, later visited the estate and declared it 'an immense bargain'.²⁸ It was also noted that Deeley had been lobbying the government to erect a railway station on the property between the East Perth and Bayswater stations.

The assets as at 31 December 1895 for Gold Estates were valued as they stood in the balance sheet at £149,630. Taking securities and market price at 8 May 1895 and the Perth land at the valuation placed upon it, the market value increased to £222,000, the land valuer's reported value. Not bad in the first year.

The records do not disclose in any detail how this portfolio of assets held by Gold Estates was assembled in a very short time or how they became so profitable over a span of twelve months – though Deeley was obviously a major asset in that enterprise and could have been steered in the right direction by Sir George Shenton. But only the frenzy in wheeling and dealing in gold mining companies, characteristic of the time, can truly explain the phenomenon. For instance, Menzies Consolidated was floated with a capital of £75,000, divided into 260,000 ordinary shares. The shares were quoted on the London Stock Exchange at a premium of 7 shillings and sixpence.²⁹

²⁸ GEA Ltd, Annual Report 1896

²⁹ London Cable Book, 11 October 1895

A cable sent to Perth in October refers to Gold Estates shares, presumably a quotation on the London Stock Exchange, at a remarkable £3 5s 0d.³⁰

Later some confusion relating to the ownership of some of these assets arose, as it would appear that at the time of their purchase the relevant documents were not all handed over to the purchasers.

In their second Annual Report (July 1897) covering the twelve months ending 31 December 1896 returns from investments were, in general, glowing though the Company's profits had declined to £23,825 and the dividend was reduced to 15%. Already feeling the need to look further afield the Company's new activities for the year were presented to shareholders as follows:

TASMANIAN COPPER COMPANY

The Tasmanian Copper Co., floated by Gold Estates of Australia during the present year, owns a valuable property, about 396 acres, in the famous mining district on the west coast of Tasmania, where are situated the Mount Lyell and the Mount Bischoff mines. It is a mineral district which contains some of the biggest ore deposits known, and from the development so far made upon the great Rosebery lode, owned by the Tasmanian Copper Co. Limited, we feel certain that it is one of the 'big things' of that district. The cross-cut made in the upper level shows an ore body 59 feet wide of copper pyrites, carrying copper, gold and silver in highly payable quantities and just lately a new lode has been struck.

Mention is also made in the Report of new gold related investments with Hannans Block 45 Ltd, Kalgurli United Ltd and Southern Border Claims (Hannans). At the meeting the Chairman commented on world events as well as the state of their investments:

Gentlemen, the year of 1896 covered by the accounts now presented to you, will be remembered as one of great financial disturbance caused both by the Jameson Raid³¹ which depressed the mining markets, and the Turkish Question, which, culminating in the Turko-Grecian War,

³⁰ *ibid.*

³¹ A botched attempt to trigger an uprising by British expatriates in the Transvaal which was an inciting factor in the Second Boer War.

affected the general markets with such a feeling of apprehension that pressure to sell became the order of the day. Consequent upon this state of affairs came the subsidence of the West Australian mining excitement. I consider that in the face of these disturbing influences we may congratulate ourselves that we have such favourable accounts to show, and that we are still doing profitable business.³²

Note that gold was yielding £3 17s 11d per ounce by this time. However the Directors were not looking exclusively at mining nor even property investments.

A new venture in 1896 was not in Australia but back home, in England, into a completely different field – interior design. The Photo Decorated Tile Co. seemed to show great promise, as is demonstrated by the following excerpt from the Chairman's address to the meeting:

You will have noticed in the report that we have acquired the patents for various countries of a process for printing photographs of scenery, or decorative designs in colours upon tiles, and I draw your attention to the samples exhibited in this room. Architects and experts in the tile trade inform us that nothing has yet been produced which can approach our decorated tiles either in quality or price, and it is predicted that as soon as our factory is completed we shall be able to dispose of all we can produce at prices which represent to the Tile Co. a very large profit ... The company we have formed has a small capital of £25,000; Gold Estates holds most of the shares and manages the company at a minimum of expense without directors. When the time is ripe a large company will be formed to work the British Patents. (Applause).³³

In the past the film of each photograph had been transferred on to a tile, or on to china, which meant the photograph was then lost. With this invention the photograph was transferred on to a soft pad and etched out by acids. From the pad, tiles could be printed in any number and as fast as desired, almost without any deterioration of the pad. This meant that whereas a photograph on china had cost from 7s 6d up to £1 each, they could now produce a

32 Included with the GEA Ltd Annual Report 1897

33 GEA Ltd, AGM, 27 July 1897

hundred dozen for about 1s 6d each. As the patentee, a Mr Grundy, enthusiastically informed the 1897 Annual General Meeting:

We are not limited to one colour on a tile, having already printed in two colours, and the three-colour process, with its endless possibilities in coloured reproductions, is under experiment, and in the course of time will be adapted to our requirements and method of printing. There is at the present time, practically untouched, an almost unlimited field for our operations. In addition to the usual run of decorative tiles for stove grates, walls, furniture, etc., at our ordinary prices, there are other uses for our process much more lucrative than these, e.g., the reproduction of styles of decoration of historical interest for public buildings; conventional floral decorations; facsimiles in colours of national pictures for internal and external decoration; for imperishable records of celebrated places and men; for advertising media for trains, steamboats, hotels, public resorts, etc. For all these objects our process is essentially suited, and indeed, is the only one commercially workable where these objects require to be attained.³⁴

The opportunity to capitalise on such a technical revolution in conjunction with the late 19th Century interest in design would no doubt have appealed to many investors.

On the real estate front in Western Australia, a cable had been sent to Perth in February 1896 suggesting that the 'Perth land' (Maylands) waterfront should be reserved entirely for the present and that the land seemed likely to develop into a very valuable property, and demanding that the Perth office give it their 'closest attention'.³⁵ In hindsight this proved to be very good advice. The Annual Report for 1896 also pointed out that the Western Australian Government 'are now metalling' the Guildford Road and that 'iron works' had been established on the eastern boundary of Swan Location Y employing 'some 400 men'.³⁶

The major assets of the Company by the end of 1896 were mining properties valued at £15,683, freehold property at Perth and Menzies £8,544, shares in various companies £40,719, cash at bankers and in hand £65,488. Nearly half the profit was earned through paper profits where various properties had

³⁴ bid.

³⁵ London Cable Book, 20 Feb 1896

³⁶ GEA Ltd, AGM 1896. This refers to Mephan Ferguson's establishment.

been realised in exchange for shares, and cash profits came from land sales in Perth and Menzies and the sale of shares, rents and interest. The paper profits did not truly represent the actual financial status of the Company. Profit for the year was £15,329 and a dividend of 20% was paid.

After a positive beginning to the Gold Estates' story clouds began to appear on the horizon when the Manager in Perth, Charles Deeley, left the Company. The reason for Deeley's sudden departure is unclear though it appears to have involved a loan and transfer of land. A cable sent from London on 30 April 1895 enigmatically reads 'You had better resign at once', yet in the Directors' Report for 1896 (27 July 1897) he is still acknowledged as the General Manager in Perth. In a newspaper article in 1897 about the school for the Institute of the Blind, Deeley is also still linked to the Company's business as 'on behalf of the Gold Estates of Australia' he had offered a 'magnificent site on the Maylands Estate ... for the proposed new building of the school – a property valued at £500'³⁷ and in 1898 he was elected a life member of the Institute. He attended the opening of the Menzies railway station in March 1898³⁸ and is mentioned as a vice-president of the Swan River Rowing Club in May of the same year.³⁹

Though no longer employed by Gold Estates, other newspaper records indicate he remained actively involved in mining matters as he was vocal in his support of British leaseholders when a change in mining regulations was proposed by the Government. The law, as it formerly stood, allowed the ordinary alluvial 'digger' to work 50 feet (15 metres) from a leaseholder's reef and sink to any depth. The changed law restricted the ordinary miner to a depth of 10 feet (3 metres). On 8 April 1898 a meeting was held at the Perth Chamber of Mines where one of the speakers was Deeley.

Mr C E Deeley put the case very fairly yesterday at the meeting of the Chamber of Mines when urging the claims of the British leaseholders. He said that after taking up a lease for 21 years they did insist that their rights should be respected as long as they paid their rents, and complied with the conditions of their lease. It was manifestly unfair to allow battery sites, etc., to be undermined just in order that a number of alluvial miners might be allowed to search for gold. If this sort of thing

37 *West Australian*, 25 September 1897, p 5

38 *West Australian*, 19 March 1898, p 7

39 *Western Mail*, 20 May 1898, p 43

were allowed even for a few months it would do the colony so much harm that it would take fully twenty years for it to recover from the effects. The case could not have been put more clearly had Mr Deeley spoken for an hour.⁴⁰

In reply to an earlier public utterance on the subject by Deeley, a correspondent to *The West Australian* posed the question whether or not Deeley 'would know a pick, gad, jumper, hammer, shovel or drill if he saw them, or, knowing them by sight, could use them for eight hours without killing either himself or mate?' He also posed the question as to who benefited from the foreign floated companies as the colony, he concludes, 'gains nothing. The profit, in the shape of large dividends or bonuses, goes to the foreign shareholder.'⁴¹ However, eventually, due to the intensity of the opposition, the 'ten foot' regulation was rescinded.

Clearly Deeley remained involved in the mining world following his association with Gold Estates but by 1899 was back in South Australia searching for other investment possibilities and listed as a director of a copper mining syndicate.⁴²

The new Manager, George Armstrong, a mining engineer, had been involved with the Company for some time. Until his death in 1899 copious correspondence was recorded between himself and Deeley involving financial matters relating to Deeley's dealings with Gold Estates.⁴³ The contents, frustratingly, remain unknown.

Meanwhile, on 23 February 1897 a cable was sent from the London office which indicated the growing unease felt by the Directors in London regarding the Company's financial position:

In reference to your cable dated 28th, impossible to float at the present time. The public would not look at it. Prospects of anything better are very slight. Keep your expenditure as low as possible.

Another cable sent on the 1 March 1897 also indicated the Company was entering less buoyant times :

40 *Daily News*, 9 February 1898, p 2

41 *West Australian*, 8 April 1898, p 7

42 *Advertiser*, 4 May 1899, p 7

43 GEA Board Meetings, Minute Books

In reference to your cable on 29th, Reports considered unfavourable. In the absence of any decided improvement, we advise you to stop. Stop all further expenditure.

On 16 July 1897, further indicating concerns in London, a plaintive cable was sent to Armstrong which read: 'Have you any favourable news our interests?'

In the third Annual Report of Gold Estates of Australia Ltd (1897), shareholders learned that the gold mining sector continued to decline with sales of mining properties depressed, and hold-ups had occurred in the development of the Tasmanian Copper Company (originally the Rosebery Gold Mining Company).⁴⁴

Gold Estates' advisor and mining engineer in Tasmania was Benjamin Pherson Ekberg. Ekberg is mentioned in WB Kimberly's *History of West Australia* as assisting Deeley (alongside Armstrong) with the management of the Perth office. However no records can be found of him ever being in Western Australia. A native of Sweden, Ekberg had originally migrated to New Zealand in 1874 where he worked (amongst a variety of occupations) as a mechanical engineer gaining acknowledgement as the inventor of a prototype hand operated totalisator machine.⁴⁵ In 1891 he relocated to Tasmania amid the excitement of the fabulous mineral riches to be found on the west coast and where he was to become an acknowledged pioneer of the mining industry. In 1897, after some years working in Victoria, he returned to Tasmania and emerges as the mine manager of the Tasmanian Copper Company at Rosebery. In a report published by the *Mercury* newspaper in 1898 he is referred to as the Gold Estates 'inspecting engineer for Australia'.⁴⁶

Other new interests listed in the Third Annual Report are London and Hamburg Gold Recovery Company Ltd (Kalgoorlie) and mining leases 398 and 399 at Mt Lyell in Tasmania.

⁴⁴ In 1896, the Rosebery Gold Mining Company had been reconstructed as the Tasmanian Copper Company but due to the lack of a technique to successfully extract the zinc from the ore, little could be done to exploit the orebody. A successful process was found by 1914 and in 1926 a processing mill was constructed.

⁴⁵ Gabrielli, Felicity, *B P Ekberg: Sweden to Australasia*, p 33-37

⁴⁶ *Mercury*, 29 January 1898, p 4

TASMANIAN COPPER COMPANY

Sir, – Your special reporter in yesterday's "Herald" fired a great bolt at this company. If the bolt did not hurt the forger thereof, you, Mr Editor, will no doubt be relieved when I tell you that the Tasmanian Copper Company still survives! You have published several statements showing that during the 10 months we have been in operation we have driven 1,196ft of drives 50 ft of shaft, surveyed and partly constructed two water races; we have about 8,000 tons of ore at grass; we have surveyed for tram to Ringville, and your courteousness only a few days ago, published for

public information, what we had offered Government to bring tram so that we could carry out our work on a large scale. You have published that our plant is being designed in America; you are also aware of other communications as to the ability of some of our consulting staff, to whom weekly an analysis of ore are sent (not to your Special). It is evident that we shall be 12 months without means of transport, and after that four to six months for erecting works, so that there is ample time for mining development. Thanking you for expected favor, – Yours, etc,

EKBERG, Engineer-in-Charge.
Rosebery, November 23, 1897

Zeehan and Dundas Herald, 24 November 1897, p 4

By July 1897, the total dividends paid were equal to 50% of the original capital. By December 1897, the dividend paid to shareholders had fallen to 5% per fully paid £1 share and 2½ % for 10 shilling shares.

During 1898 the Company had to deal with the depressed condition of the gold-mining industry and the economy in general. Land sales were also slow. No further sales had taken place in Menzies and sales of the Perth blocks were not moving. As early as January cables between London and Perth had begun to reflect shareholders' disquiet in the management of the Company's affairs and the poorer than expected returns. A cable was sent from London to Perth office: 'Do nothing except on advice of solicitors. Do not trust to Local Board of Directors'.⁴⁷ To help raise capital another followed on 6 April which read:

⁴⁷ London Cable Book, 28 January 1898

GOLD ESTATES OF AUSTRALIA, LIMITED.

CAPITAL - - - - £100,000.

REPORT OF THE DIRECTORS.

The Directors beg to submit their Third Annual Report and Accounts. The accounts, which cover the twelve months ending 31st December, 1897, shew a Balance of profit carried to Balance Sheet of £4,064 17s. 2d. Cash, and £40,653 1s. 1d. Shares. From these figures an allowance must be made for the balances, brought forward from the previous accounts, viz.:—£9,133 5s. 5d. Cash and £19,830 6s. 1d. shares, shewing as the result of the year's working a loss of £5,068 8s. 3d. in cash, and a profit of £20,822 15s. 0d. in shares.

An Interim Dividend of 1s. per Share on the fully paid, and 6d. per share on the 10s. paid shares was declared and paid on the 1st July last, amounting to £4,910 14s. 0d.

The Company now holds shares or is otherwise interested in the following Companies and Properties:—

NAME OF COMPANY.	Nominal Capital.	Shares held by Gold Estates of Australia, Limited.
1. Menzies Alpha Leases, Limited	£120,000	27,408 of £1 each.
2. Menzies Consolidated Gold Mines, Limited	225,000	27,238 „ „
3. Menzies Waterworks, Limited	60,000	6,000 „ „
4. Hannans Block 45, Limited	230,000	12,082 „ „
5. Kalgurli United Gold Mine Company, Limited	100,000	24,450 „ „
6. Octagon Explorers, Limited	200,000	19,880 „ „
7. Tasmanian Copper Company, Limited	325,000	50,612 „ „
8. Photo-Decorated Tile Company, Limited	25,000	15,854 „ „
9. London and Hamburg Gold Recovery Company, Ltd.	250,000	411 „ „
10. Perth (W.A.) Building Estate, about 695 acres	—	— — —
11. Menzies Town Lots (4 Lots)	—	— — —
12. Mining Leases 398 and 399 at Mt. Lyell, Tasmania	—	— — —

‘Push the sales of Maylands, Menzies lots’, and the dispute between Gold Estates and Deeley continued as indicated by a cable sent from London on 28 June stating:

Deeley owes the company £700. Do not pay any more on account of salary until all debts discharged and books and papers received.⁴⁸

In the Board Minutes of 5 July 1898 the first mention of the Chinese Corporation appears. The Chinese Corporation had been formed to acquire as a going concern the business of Messrs Louis Spitzel & Co. which owned a large mercantile company based in Peking, Tientsin, Shanghai and elsewhere in China. The Board understood the business had access to large lucrative government contracts. As the Chairman, Dyson Weston reported to shareholders in 1898:

We believe that the opportunity of being in the front of the great rush to China is one to be grasped ... it appears evident that most of the profits of the new company will be derived from dealing with concessions from the Chinese Government for the construction of railways, for the erection of fortifications, arsenals, Government docks, for the supply of war material, and in acting as agents for the Chinese Government in placing contracts in this country for the building and equipment of battleships, cruisers, and other vessels.⁴⁹

On 12 July 1898, the Articles of Association were presented for approval prior to the Company being incorporated and going to the allotment of shares. Dyson Weston, the Managing Director of Gold Estates, was then authorised to subscribe for up to 25,000 preference shares in the Corporation. Weston was also authorised to approach possible candidates as Directors including the Marquises of Lorne and Teedale. A titled Director was considered to be advantageous when promoting a company to potential investors. What transpired regarding these gentlemen was not recorded and ultimately irrelevant as within a month a dispute had arisen with the Chinese Corporation about that company's power to deal with mining concessions and rights. Gold Estates had made an application for 14,500 preference shares and provided a guarantee of

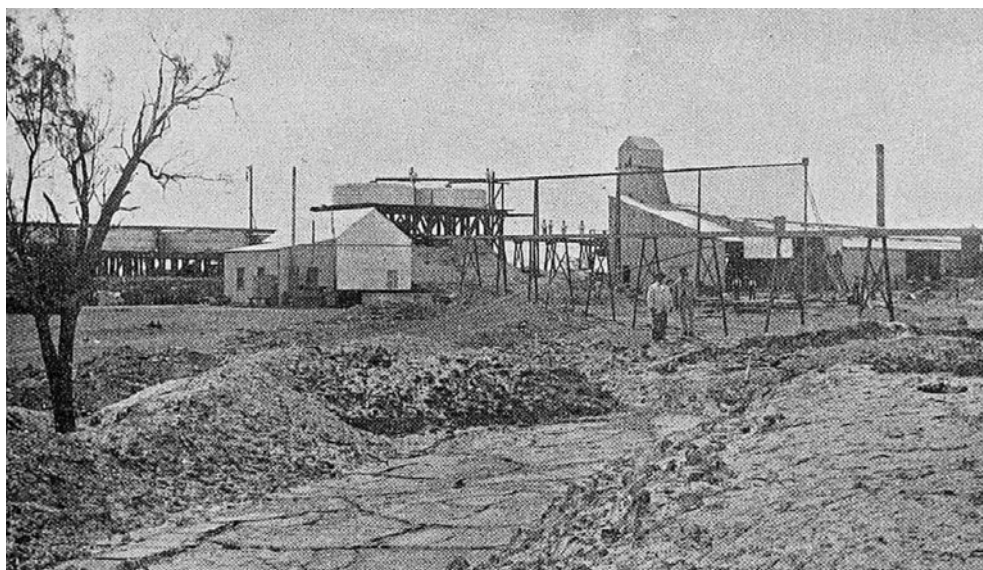
48 London Cable Book, 21 June 1898

49 *Kalgoorlie Miner*; 18 August 1898, p 3

£3,000 against uncalled capital. This was beginning to look rather unwise. The dispute seems to have revolved around the 80,000 shares to be made available to Louis Spitzel.

Spitzel, originally a jeweller and failed business man from Melbourne, had spent some time in England dealing in diamonds⁵⁰ before travelling to China and becoming closely associated with leading officials of the Chinese Empire. At the time of the China-Japan War (1894-1895) Spitzel had been largely interested in Chinese army contracts.⁵¹ According to a report in the Times, in June 1898 he had agreed to sell his business to a company which was to be formed for the purpose of acquiring it, for a consideration in shares.⁵² In August Emerson Bainbridge, a London Director, offered to visit China 'to make personal investigation into Chinese affairs and the business of the Chinese Corporation Ltd' during a six months leave of absence on a trip around the world.⁵³

In spite of the uncertainty in the gold mining industry, it appears that business was proceeding as usual for Gold Estates. It had been issued 27,238 shares at a cost of £680 in the reconstructed Menzies Consolidated Gold Mines Ltd.



Menzies Consolidated Gold Mines 1899

Western Argus, Christmas edition, 1910

50 oldbaileyonline.org 14 September 1891

51 *Evening Post*, Volume LXXV, Issue 13, 16 January 1908, p 3

52 *The Times* 20 March 1899

53 GEA Ltd, Board Minutes , 13 August 1898

The cash situation of the Company remained reasonably stable with £41,000 sterling on deposit at Lloyds Bank in July 1898. However by August cash on deposit had been reduced to £35,000. To make matters worse, the following month the Chinese Corporation chose this time to issue a call on 12,293 shares. Following Bainbridge's visit to China however, the Directors reported unfavourably on the Corporation and the Company decided not to proceed with the transaction.

The dispute with Deeley also continued. Records show that the Company had paid Deeley £625 in full satisfaction of claims for salary and had also put him on notice that he must repay a loan made to him by the Company forthwith, otherwise legal proceedings would be taken. Deeley had lodged a caveat against any transfers of land by the Company in Perth or Menzies and the case was referred to the lawyers. In the October 1898 Minutes, a report appeared regarding the possibility of the Company's Perth solicitors, Messrs Stone and Burt, being personally liable for the non-return of the securities held by Deeley on behalf of the Company and the payment by the solicitors to Deeley of his settlement for salary.⁵⁴

On 1 October a portion of Swan Location Y near Mephan Ferguson's Foundry⁵⁵ was put up for sale by public auction and, although the attendance was reported as 'very large', sales were only 'fairly successful'.

Even back home there was cause for concern. The only bright prospect for Gold Estates had been the Photo Decorated Tile Company. However the works required upgrading to meet the expected demand and following a visit by Thomas Crowther and Weston a recommendation for an injection of funds was made by them to make the project viable. The Board subsequently approved expenditure on buildings and plant to the extent of a further £1,000. A mortgage was taken out for this and a modeller employed on a four year contract at £4 4s per week. Yet there was still no mention of any tiles actually being sold. Gold Estates held a big stake, if not all, of the shares in the company, and it was in their interest for it not to fail, especially after the great confidence they had professed in previous Annual Reports. By this time the Company's cash on deposit had continued a downward trend and now stood at £30,000.

⁵⁴ GEA Ltd, Board Meeting, 3 October 1898

⁵⁵ Mephan Ferguson, along with the Hoskins company, supplied 530 km of steel pipes for the Goldfields Water Scheme. Originally from Scotland, Ferguson had established his business in Victoria. His Maylands foundry was closed in 1928.

1899 did not begin well. In January with the ‘present inactivity in mining matters’ it was resolved to terminate the appointment of Ekberg as Mining Engineer.⁵⁶ There had also been trouble in England with Inland Revenue and income tax, with the tax authority agreeing to waive their assessments for 1897-8 and 1898-9 on share profits. It would seem that the paper profits may have evaporated. The total assessments for those years amounted to £81,060. There was, however, mention of getting a partial return of tax paid in earlier years on the principle that the profit was actually the amount realised upon the sale of the shares and not a valuation at market value. Cash on deposit was down to £29,000.

Over the ensuing months, the Photo Decorated Tile Company was constantly requesting more funds on almost a monthly basis. The business appeared to be a bottomless pit, with no mention of financial returns or even finished goods being sold.

In February 1899 a meeting of the Chinese Corporation called for a voluntary winding up of the Company. Though Spitzel sent a proxy it was deemed invalid as shares in his name had never in fact been issued to him.⁵⁷ The matter dragged on until February 1900.⁵⁸ Whatever his relationship with Gold Estates may have been, it did him no harm as when he died in Germany in 1906 he owned substantial assets (including prestigious properties in London) worth £2,000,000 which enabled his creditors in Melbourne to be paid £2 10s (which included interest over 25 years) for each £1 owed.⁵⁹

In April, a dissident shareholder, Lewis Miller, who had been corresponding with the Company since February 1899, was invited to attend a Board meeting. It is obvious by this time that shareholders were becoming increasingly anxious about their investments. In May the dispute between the Company and Deeley first appears in the Court listings.⁶⁰ In June 1899 records show that the Company was still buying and selling shares though whether these transactions were profitable or not remains unclear.⁶¹

As the months progressed, matters failed to improve. The Photo Decorated Tile Company continued to call for further advances, and the cash position continued to deteriorate with the deposit with Lloyds Bank

56 GEA Ltd, Board Meeting, 3 January 1899

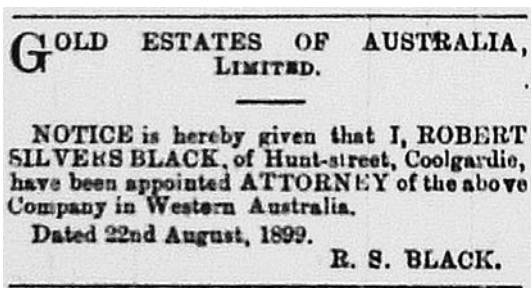
57 *Times*, 20 March 1899

58 GEA Ltd, Board Minutes, 12 March 1900

59 *Evening Post*, 16 January 1908, p 3

60 *West Australian*, 16 May 1899, p 7

61 GEA Ltd Board Meeting, 27 June 1899



The West Australian 24 August 1899, p 1

pressure was growing on them to pull the Company out of what appeared to be a continuing downturn in performance.

The Minutes of the Board meeting on 27 June 1899 records the death of George Armstrong, the Company's General Manager in Australia (he had been thrown from a horse whilst inspecting mines in Kalgoorlie)⁶², and it was resolved that Robert Silvers Black of Coolgardie be appointed temporarily as his replacement at a salary of £40 per month. The cash on deposit by this time was down to £9,500.

By the end of August 1899 the cash position had improved to £20,000 on deposit, but records fail to show where this cash came from. However this was not to last as within two weeks it had slipped down to £3,000, with no explanation given in the records.

At the beginning of October 1899 Lewis Miller and R Nevill Roberts joined the Board of Directors. The other Directors at this stage were Thomas W Crowther, Frederick Crowther, Edward Edmondson and Dyson Weston. As the month progressed, negotiations for the sale of the Photo Decorated Tile Company commenced and it appeared that the sum of £10,000 less 10% commission would probably be accepted for the works and the English patents. In the same month Benjamin Ekberg, though no longer an employee, entered into an agreement with Gold Estates to be paid a commission of 10% on shares dealt in upon his personal advice. Trading in gold shares continued at a rapid rate, but once again there was no indication whether it was profitable or not and deposits were still down at £3,000.

On 1 November 1899 an intriguing cable was sent from London office to Perth:

now down to £18,000. Article 101 of the Company's Articles of Association provided for the Directors to receive up to 25% of the profit, but the Directors voluntarily undertook to reduce this to a figure of 10% with a total in any year not exceeding £5,000. As can be expected, the

62 *Kalgoorlie Miner*, 28 June 1899, p 4

Send by first steamer original written report by Armstrong. Windsor Castle fifteenth day of February last year. It is of the utmost importance.

Windsor Castle was a goldmine forty to fifty km east of Mt Magnet which had not been mentioned previously and was never referred to again.

In November, there was no mention of trading in shares in the Minutes of the Directors' meeting. The Minutes did, however, confirm that Robert Black was very much in control of Gold Estates in Western Australia and directing Edgar Walter Hamer who was managing the Maylands Estate. In October Hamer had requested authorisation to macadamise roads, a good indication that sales were beginning to, or about to, take place. Hamer had been involved with the Company from at least June 1898.⁶³ Born in Victoria, he had come to Western Australia from South Australia in 1895 and was later to take over as Manager of Gold Estates in Perth.

Meanwhile the Photo Decorated Tile Company staggered on and there were more cables regarding mining activity sent to Robert Black. There was also reference in the December 1899 Minutes to Black seeking a wider Power of Attorney to cover land sales – a request which was granted the following year.

By the end of 1899 the financial situation was indeed grim, with the cash down to £2,000 on deposit and current account £800 (credit) and it was resolved to borrow from Lloyds Bank the sum of £3,500 at 7% per annum. The security given was Scrip for Consolidated Goldfields of South Africa and The South African Gold Trust which would appear to have been a relatively new acquisition.

During 1900 and 1901 Directors' meetings were frequent, no doubt due to the concerns related to the future of the Company and the increasing number of letters being received from shareholders. Records do not, in most cases, show what the content was, but it can be safely presumed that many were from disgruntled shareholders who were concerned about their investment.

In January 1900 the Tile Company went into receivership while the case involving Deeley versus Gold Estates continued in the courts.⁶⁴ At the same time, the cash position continued to deteriorate, with only a total of £1,800 available in the bank. In the court case against Spitzel, the action was dismissed

⁶³ London Cable Book, 21 June 1898

⁶⁴ GEA Ltd, Board Meeting, 23 January 1900

with the Company paying costs.⁶⁵ The Photo Decorated Tile Company was still unsold by the end of March, and it was resolved to fix the reserve price of the whole undertaking at £3,000 – a rather drastic discount.

The Minutes in March 1900 refer to a proposal to invest in a quick-firing gun but like many other intriguing proposals for Directors to consider – such as the Blackheath Blue Brick Works, the Maxim Electric Light Syndicate and Wright's Taper Roller Bearings Syndicate – the offer was declined. Cash was now down to £1,100 and continuing to decline. By July 1900 it was down to £682.

In December, having failed to find a buyer for the Tile Company, it was resolved to call an extraordinary meeting of shareholders to 'wind' it up.⁶⁶ From Perth, mining matters were being reported on by Black, and Hamer on the land investments. The Minutes also refer to deliberations regarding the financial position of the Company, and the advisability of realising some of the Company's holdings before the end of the financial year. The Company was not in great shape though cash available and on deposit had improved a little and totalled £11,058.

On 1 January 1901 the Commonwealth of Australia was proclaimed. Western Australians, some with misgivings (the vote was 44,800 in favour to 19,691 against) had become part of a grand new venture. Dyson Weston would have been pleased and perhaps it could be said that Gold Estates, through its investment in Western Australian gold mining, contributed in some small way to the result. After all it was generally recognised that the successful inclusion of Western Australia in the Commonwealth was significantly affected by the votes of 't'othersiders' who had flocked into the State to make their fortunes in the goldfields.

Board Minutes at the beginning of 1901 indicate a change in the Company's thinking too with the first real interest of the Directors in their real estate acquisitions. A report was duly commissioned from a W B Wilkinson, at a fee 'not exceeding £10 and 10 shillings', on the Maylands Estate. During the year there was also a trend towards more detailed and carefully framed Minutes – probably a further sign that all was not well with the Company.

In May the Minutes refer to the sale of 1,500 Great Boulder Shares at 26 shillings each. Without being too critical, surely this was just another case of bad judgement, as Great Boulder (one of the few really successful Western Australian mines) was one of the few investments of value they still held when

65 GEA Ltd, Board Meeting, 12 March 1900

66 GEA Ltd, Board Meeting, 10 December 1900

Gold Estates of Australia Ltd ceased to exist. However their sale would have helped their critical cash deficiency, when most of their other mining investments were now worthless. The Minutes do not mention the results of an April hearing in the Supreme Court in Perth where Deeley had appealed against an earlier decision made by the Court. The appeal had been dismissed.

In June Lewis Miller was informed that he had ceased to be a Director under the Articles of Association. Miller had not been attending Board meetings for some time.

On 3 June 1901 the report from Wilkinson was received by the Gold Estates office in London. The document gave a detailed description of the Maylands Estate. He described it as:

... consisting of unsold portions of Swan Location "Y", situated within 2 miles from the Perth Town Hall, and within half a mile from the city boundary, [it] is an exceedingly convenient and healthy suburb with many advantages in its favour.

His eight page typed report on this very desirable piece of real estate continues:

The estate is undulating, and commands picturesque views of the Darling Range; whilst from the higher points the city of Perth, the Swan River – to which the extreme southern portion of the estate has a frontage – and the Burswood Racecourse⁶⁷ are visible. The soil is sandy, and is principally covered with native trees and bushes, the most prominent in their growth being the Jarrah, Banksia, and Bottle-Brush. Fresh water is everywhere obtainable by sinking wells.

He noted that the Eastern Railway Company's main line passes through the estate 'with a station called "Maylands" situated on the property itself'. Fifteen trains per day ran from Perth to Maylands and vice versa. Another major feature was the 'metalled main road' from Perth to Guildford which passed through the property. The electric tramway which terminated at the junction of Burt and Walcott Streets – a short distance from the boundary of the estate – was also strategic and 'every effort should be used in bringing about its extension'.

67 Burswood Race Course established 1899

Wilkinson also referred to some substantial buildings already erected on the estate including the Institute of the Blind and a few quality residences. There were also, however, twenty-six other wooden cottages of which some were 'not of a desirable type'. To capitalise on their investment he urged Gold Estates to encourage the erection of the 'better class of houses'. Towards this end he suggested the erection of two houses 'in convenient positions' for rental purposes. Edgar Hamer, he relates, has indicated he 'would willingly lease one of the houses' with the right to purchase. Wilkinson urged the building of such houses 'to establish the character of the suburb'. Hamer, he reported, 'appears to be an energetic and business-like man, and shows every indication of taking a deep interest in the affairs of the estate' and should 'reside in a neat house on the property' so that he could show 'intending purchasers over the estate on Saturday afternoons and summer evenings', times when the class of people Wilkinson thought appropriate buyers would find it most convenient to make an inspection.

To take full advantage of the investment he suggested forming a separate company with an 'efficient Board of Directors' to supervise the project, which would ensure a larger profit than 'if managed from London'.

With regard to Fergusons' Foundry which adjoined the estate, Wilkinson doubted the labouring class would be purchasing the land as he anticipated the most likely buyers to be the middle and lower-middle classes: trades people, government and railway employees, clerks and 'the better class of artisans'. Addressing the adjoining area, Location Z, situated between Maylands and Perth, he reports that though selling at a competitive price, the plots were on leases of 99 years and points out that 'the average Australian has a decided preference ... of being an absolute owner of the freehold of any property in which he invests his money'.

Addressing 'the value of Maylands' Wilkinson notes the difference between the larger area of the estate on the west side of the railway line and the 'better' part between the railway line and Guildford Road. 'The colony', he notes, 'is in a transition period' and it was difficult to know what the future held.

As you know the country has just passed through the throes of a General Election, the result of which will probably be disastrous to the present Ministry. The more democratic portion of the community assert that the change, if it takes place, will be the means of bringing about a greater

activity in business, and a more rapid progress in the settlement of the country; whilst the conservative portion of the community prophesies the reverse if the affairs of the State pass from the hands of the present Ministry.⁶⁸

In his final evaluation of the property Wilkinson reiterates his belief it will depend on the future progress of the capital but estimates the value of the unsold portion '... say 539 acres – taking all facts into consideration, at £50 per acre, equals £26,950'.

Despite such positive reports of their real estate prospects many more letters were being received from shareholders expressing their concerns about the Company. Amongst the letters were those from R L Alston and J Alston⁶⁹. It was also noted in the Board Minutes that a quarter acre block had been set aside on the Maylands land for a school with another quarter acre block being donated a few months later.

At the 31 July Directors' meeting there were further stirrings amongst shareholders. The Chairman, Thomas Crowther, was instructed to consult with Charles Williamson Milne, a chartered accountant and a member of the dissident group of shareholders, and report to the Company's solicitor, Mr Burn. This is the first time that Milne appears in the Minutes of the Company. There was also a call for an Extraordinary General Meeting though it was resolved 'to let the matter stand over for further developments'. In spite of the sale of Great Boulder Shares, cash had not improved and stood at £2,600. A call was made for the assets of the Company to be valued.

Despite its financial situation the Company continued to make widespread investments as reference is made in the Minutes to copper mines in Djansul, Russia. But as so often happened with Gold Estates investments, litigation was soon underway. Other investments were in Wyoming Oil, with a half interest taken up in this venture at a cost of £250; the Far East Syndicate (a prospector for tin in Malaya); the Mayne Mining Company and the Goodwill Tunnel Company (a gold mining venture in Colorado, USA). In September 1901 one of the Directors, Edward Edmondson, tendered his resignation as a member of the Board. Meanwhile Messrs Burn and Berridge were instructed to ascertain if Deeley would compromise on the debts.

68 The State elections, held on 24 April 1901, were the first elections since Sir John Forrest had been elected to Federal Parliament in March 1901.

69 GEA Ltd, Board Meeting, 16 July 1901

On 31 October 1901 Mr Broad, the Secretary of the Company, resigned and a Mr Williamson was appointed in his stead. The following month it was confirmed that a lady stenographer typist was to be engaged at a salary not exceeding £50 per annum. The Board also agreed on the recommendation of the Consultative Committee of dissident shareholders formed sometime earlier (no date is recorded) to call up the uncalled capital of the Company forthwith. The Committee was obviously working with the Board as a request appears in the Minutes for a refund of expenses plus £17 15s 6d.

In a letter dated 5 November 1901 a further request was made by the Committee to elicit information regarding the following:

- Details on negotiations leading to the Cripple Creek⁷⁰ gold mining investment
- Full particulars of sums paid to the Directors individually
- Votes represented by proxy lodged in favour of Mr Alston and others and in favour of the Directors

Relations between the Board and shareholders were becoming tense. Finally the Committee called a meeting with the Directors on 25 November 1901 to discuss their lack of confidence in the present Directors of the Company.

Those present representing the Board of Directors at the conference were: Frederick Crowther, R Nevill Roberts with Dyson Weston taking the chair. Representing the Committee were: R L Alston, A F J Alston, Charles W Milne and J M Prichard. Also present was M J Burn of Messrs Burn and Berridge, solicitors to the Company.

A heated discussion ensued. The representatives of the Shareholders Committee presented their requests and conditions to the Board of Directors. Following the opening of the meeting, R L Alston read a statement setting out shareholders' concerns :

- The continuation of the Company under altered conditions
- That three Directors were sufficient
- The present Directors, having lost the confidence of the Shareholders, at least three out of the four should resign
- That the choice of Director to remain between Thomas Crowther and R Nevill Roberts
- That the Company should do no more business and that ultimately the Company should be wound up along the most economical lines possible.

70 Colorado, USA

Much discussion followed between Charles W Milne, R L Alston and the Directors' representatives. The Directors also expressed their disquiet regarding circulars and letters that had been published in the press.

One particular letter, highlighting the concerns of many shareholders, was believed to have been written by Lewis Miller. His reply to this accusation was that firstly, he had not given permission for the publication of his letter. Secondly, he stated, there was a vast difference in 'what a man may write to a friend, especially a large shareholder, and what he may write for publication'.⁷¹

After much discussion it was agreed that the Company should cease purchasing new investments, cut costs, and wind up as many of its interests as economically possible. However, the request to reduce the number of Directors to three, two of which were to be new, replacing two current Directors who were to retire, was not agreed to. Frederick Crowther announced:

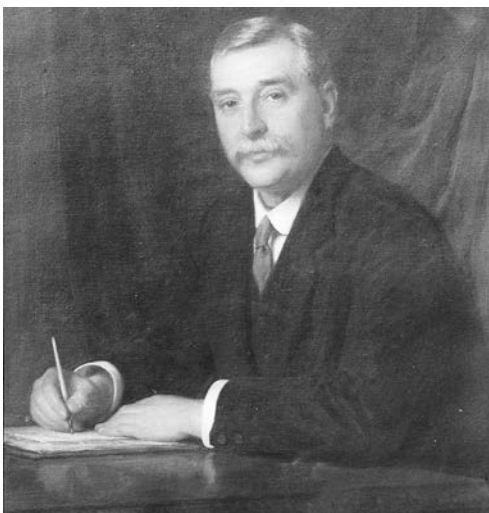
Mr Alston, as I have already said, this Committee represents a section of the shareholders while the Board represents the whole body of shareholders, for whom they are virtually Trustees. We as a Board will neither resign individually nor collectively at the instigation of this Committee or of any Shareholders Committee; but collectively we stand together or we will fall together.⁷²

After the meeting the Board addressed a letter to the Chairman of the Shareholders Committee, which read in part:

... with regard to the infusion of new blood into the constitution of the Board ... I am instructed to inform you that there are at present two vacancies on the Board, and that the Directors are quite willing to elect yourself and any other gentleman of the requisite experience to fill these vacancies, provided that the new Directors agree (as the present ones have done) to leave the question of their remuneration entirely in the hands of the shareholders.

71 Notes of conference between the Board and Consultative Committee of Shareholders, 26 November 1901

72 *ibid.*



Charles Williamson Milne

The Board after mature consideration has come to the conclusion that in the interests of the general body of the shareholders it is necessary to avoid entrusting the affairs and management of the Company to entirely new parties, and that it is expedient to retain the four present directors who are thoroughly familiar with the past transactions and present affairs of the Company.⁷³

Although nothing seemed to have been achieved, in January 1902 the Board Minutes referred to letters from shareholders requesting the deferment of payments on the uncalled capital of the Company. However, business continued as usual with a resolution which provided for the call on shares to be paid to the New Chillagoe Railway and Mines Company Ltd, formed to take over from an earlier company, set up to mine copper and associated minerals in north Queensland.⁷⁴

Back in Western Australia, Hamer, busy attending to Gold Estates' local real estate interests, wrote requesting the excision of one lot of the Maylands Estate to connect roads with the Mount Lawley Estate. To encourage sales he was advertising blocks at 'bedrock prices' and 'long terms.'

In February Robert Black was in London and met with the Directors regarding the future management of the Company's business in Western Australia as he had indicated he was about to relinquish his appointment.⁷⁵ It was arranged that Black see Edgar Hamer on his return to Perth and discuss whether representation might be placed entirely in Hamer's hands.

Amongst all the turmoil Weston tended his resignation as Director and Charles W Milne, a member of the dissident group, was elected in his place.

73 Attached to notes of conference between the Board and Consultative Committee of Shareholders, 26 November 1901

74 First AGM, 25 March 1902; *Advertiser*, 26 March 1902, p 6

75 Black was born in New Zealand and came to Western Australia in 1895 to manage the Londonderry Mine at Coolgardie (*Sydney Morning Herald*, Obituary, 31 March 1934, p 15).

Meetings of the Board came thick and fast, with meetings held on 24 February; 3, 7, 12 March, and 7 April, and an AGM on 17 April 1902. At the meeting on 12 March, another Director, Frederick Crowther, resigned from the Board. It is not clear from the Minutes, as they do not show how many Directors were left, but it appears that only Milne and R N Roberts and the Secretary were attending Board meetings. In June Black resigned as Manager in Perth and in October Hamer was formally appointed in his place at a salary of £312 per annum. He was also to receive commission on the sale of lots

in the Maylands Estate (at this stage comprising 539 acres which had been valued by Wilkinson in 1901 at just over £26,000) at the rate of 5% on sales, and was given permission to 'undertake other business in Perth ... which in no case may include any other Estate agency'.

The Deeley saga continued. Deeley apparently held 850 shares in Menzies Crusoe Gold Mines which he had lodged as security. It was decided not to pay the call on them. This is the last time his name appears in the Company Minutes.

As usual the lawyers were having a picnic, with no mention of any of the court cases that the Company was involved in being finalised. By July 1902 cash in the bank was down to £495 and the Company was experiencing problems in getting shareholders to pay a call on their shares resulting in a number of forfeitures taking place.

The finances of the Company were in dire straits and in October an interview with the Manager of Lloyds Bank Ltd was held in order to obtain temporary accommodation by way of an overdraft. Cash was down to £24. All

MAYLANDS!

THIS IS YOUR OPPORTUNITY TO SECURE A MAGNIFICENT
RESIDENTIAL SITE IN

THE BEST SUBURB OF PERTH.

BEAUTIFULLY SITUATED ON THE SWAN RIVER, AND ON THE MAIN
GOLDFIELDS RAILWAY LINE.

GOOD METAL ROADS CONNECT IT WITH THE CITY.
LANDING STAGE ON THE RIVER FOR BOATS.
MAYLANDS RAILWAY STATION ON THE PROPERTY.
IT IS WITHIN A FEW MINUTES' WALK OF THE CITY.
LARGE ALLOTMENTS. SPLENDID ELEVATIONS.

ALL ROADS 66 FEET WIDE.

**LOW PRICES! LONG TERMS!
NO INTEREST!**

FOR PLANS AND PARTICULARS APPLY E. W. HAMER.
GOLD ESTATES OF AUSTRALIA, LTD. (PROPRIETORS.
ST. GEORGE'S TERRACE, PERTH (Next W.A. Bank).

MAYLANDS.

8312

The Daily News, 2 January 1902, p 3

the Company's mining and commercial ventures apart from land appeared to be a tale of woe.

The Seventh Annual General Meeting of shareholders was held on 11 November 1902. From the Minutes it appears that all the speculation in mining shares, the Photo Decorated Tile Company and the Chinese Corporation had come to nothing and the only investment proving worthwhile was the Maylands Estate. The only company paying a dividend was Great Boulder.

By February 1903 the London finances had crept up to £71, with the Perth account in reasonable shape at £2,782. £2,000 of this was remitted to London and a significant parcel of Great Boulder shares were realised as well as investing £100 in the Arltunga goldfields in Central Australia.

At the Board Meeting on 16 February 1903, it was finally resolved 'to sign and seal an undertaking to convene meetings for voluntary liquidation of the existing Company' and that a new company be registered as Gold Estates of Australia (1903) Ltd. On 19 February 1903 an agreement was ratified transferring all the assets of Gold Estates of Australia Ltd to its successor.

With finances dwindling, the Company was now prepared to sell as many of its assets as it could, no matter what the price. Everything was up for sale, even the Menzies Waterworks, as shown by a cable sent in May 1903 : '... Negotiate sale of Water Works outright £25,000 ...' This was followed by another sent a few days later:

You had better secure at once best offer from Government or submit as quickly as possible to shareholders' meeting. Most likely accept if you recommend.

The price moved down quickly for by 7 July 1903 a subsequent cable read: 'The Board of Directors authorise you to accept £13,000.'

Another reason behind the urgency to sell was the successful arrival of water some six months earlier from Mundaring, in the Darling Ranges near Perth, to Coolgardie. Work had begun on the pipeline in 1898 and covered the 530 kilometres necessary to complete it in 5 years. With the expectation that this water supply would be available to Menzies – and this would be fresh water not salty and thus better for the cyaniding process necessary for gold retrieval – there were no interested buyers for the Waterworks.⁷⁶ Another failed investment.

⁷⁶ *West Australian*, 17 January 1903, p 3

The last meeting of the old Company was held on 8 April 1903. Present were Charles W Milne, Thomas Crowther and R N Roberts. At the meeting, the shareholders, on the recommendation of the Directors, agreed that due to the poor performance of the Company and losses incurred it should be wound up. The new Company – Gold Estates of Australia (1903) Ltd – was established with capital of £50,000, comprising 200,000 five shilling shares issued to the shareholders on a one for one basis.

On 20 November 1903, a cable was sent from the London office to the Western Australian office: ‘Company is now in liquidation’.

GOLD ESTATES OF AUSTRALIA

For the last eighteen months a pretty quarrel has been going on over the affairs of this company. In October, 1901, a committee of investigation was appointed. Their labours extended over two or three months and cost the company £268, with the result that two members of the board retired, and Mr. C. Williamson Milne was appointed, either by the old board or by himself, to be chairman of the company. Mr Milne’s declared policy was that the board should not be limited to a mere realisation of the assets, and that the capital of the company should be reduced by 50 per cent. Accordingly in November 1902, he proposed that the assets should be sold to a new company with a capital of £50,000 and that the old company should be wound up. The proposal was opposed by the old shareholders’ committee, who suggested that the object of this procedure was to bar any further investigation into the conduct of the old board in the past. This was

probably the case, for the cost of winding up and transfer to a new company is greater than would have been entailed by an unopposed petition to reduce, and no good reason was given for incurring the extra expense. If I were dealing with the rights and wrongs of the old shareholders I should point out that though legal proceedings may mulct [a fine imposed for an offence] delinquent directors in considerable sums, they very seldom result in any profit to the shareholders, but I am only here considering the aspect of the company’s finances as presented to a purchaser. The opposition was defeated on a poll, and the scheme carried. After a delay which is somewhat curious, a meeting was called on the 8th inst. to wind up the company, when the opposition attempted to secure the appointment of an independent liquidator, but was again beaten.

The capital of the old company was £100,000 in £1 shares. Under the scheme, shareholders will receive two

shares of 5s. each in the new company in exchange for each £1 share in the old. The assets of the company, according to the chairman, are fairly worth £50,000. At the date of the last balance-sheet (June 30) they included building lands in Australia, £8511 of which a portion had since been sold for £7301; secured loans £6168; bills and debtors £3200, subject to a probable bad debt of some £600; shares in gold fields of South Africa 975, Great Boulder Proprietary 1500, New Chillagoe Railway and Mines 1700 and debentures £2500, worth altogether, say £11,500. Their liabilities on shares partly paid amounting to £9138, of which £6146, in the opinion of the directors, will not be called, but deducting the remainder, we have solid assets amounting to over £25,000. In addition the company held large blocks of shares of small or uncertain value – 27,408 Menzies Alpha Leases, 26,739 Menzies Consols – both of which companies are now making progress – 50,408 Tasmanian Copper, 10,880 Octagon Explorers, 6000 Menzies Waterworks, and 24,348 Kalgurli United, and various other holdings, which

in the hands of a chairman of ability, would very possibly fructify and, at all events, are something to play with.

If the opposition have any case against the old board, and carry the matter into the courts, the assets might be further benefited: but I should imagine, considering the long delay, that no legal proceedings are likely to be taken. On the question of management, Mr Williamson Milne has been connected with many companies which have not succeeded; but I am not aware that he has done anything to forfeit confidence as a director. In this and other matters he has shown himself a strong chairman, and I should think he was as capable as anyone of dealing with the speculative assets to advantage. Under these circumstances, seeing that the assets are worth over 5s a share at the least, I am surprised to see that the shares have made up to 2s 6d at the last two settlements. I should doubt that this represents the market price, or that many shares are knocking about; but if any shares can be bought above this figure the purchase ought to prove remunerative.

Kalgoorlie Miner, 27 May 1903, p 3

DUPLICATE FOR THE FILE.

No. 764418.



Certificate of Incorporation

I hereby Certify, That the

Gold Estates of Australia (1903) Limited

is this day Incorporated under the Companies' Acts, 1862 to 1900, and that the Company is
Limited.

Given under my hand at London this *Seventeenth* day of *February*

One Thousand Nine Hundred and *three*.

Fees and Deed Stamps £ *18 " 2 " 6*

Stamp Duty on Capital £ *125 " 0 " 0*

Ernest Lea

Registrar of Joint Stock Companies.

Certificate received by

Samuel Smith

11 Old Broad St. E.

Date

19/2/03

THE REAL GOLD

1903-1937

THE INAUGURAL STATUTORY GENERAL MEETING OF GOLD ESTATES OF Australia (1903) Ltd took place on 14 May 1903. The change in Directors was as minimal as the change in the name. Of the three Directors Thomas Crowther (1897) and R N Roberts (1899) had been incumbents for some time. Charles W Milne, with 1,980 shares, became Chairman and was the only newcomer, having been elected just prior to the demise of the old Company. Messrs Jackson, Pixley and Co. continued as the auditors. Edgar Hamer remained the Manager in Perth.

With the establishment of the new Company the shareholders' list, on the other hand, became more liquid. At the end of trading as Gold Estates of Australia, there were no major shareholders as the maximum number held by any one shareholder had been 4,000 shares. Following the formation of Gold Estates (1903) Ltd the number of shareholders with larger holdings gradually increased. It is likely that the smaller investors were only too keen to sell their shares in anything related to mining and were even grateful that they could sell them at all. Records do not reveal the prices obtained for these shares, but with the gold mining industry in decline, it can only be presumed that the sums were less than spectacular.⁷⁷

From 1904 to 1912, few records remain apart from the cable books from London to Perth and the minute books of the Annual General Meetings. Very little of interest took place at most of these meetings which dealt mainly with statutory requirements such as the appointment of directors and auditors. Charles W Milne was in the chair for the first AGM of the new Company.

With the mining sector in damage control, throughout 1904 cables relate predominantly to land sales at Maylands (Perth Road Board district) and Bayswater (gazetted as a separate Road Board in 1897). The possession of saleable land in Perth was proving to be a lifesaver for Gold Estates as it

⁷⁷ Ironically actual gold production in WA peaked at £8,770,720 in 1903.

OAKLEIGH ESTATE.

**ADJOINING the BAYSWATER
RAILWAY STATION.**

**The PICKED POSITION OF BAYS
WATER,
HIGH LAND for BUILDING
PURPOSES.**

**GARDEN ALLOTMENTS in FIRST
CLASS SWAMP LANDS.**

**Terms exceptionally easy; 10 p.c. de-
posit, balance from 3 to 5 years.**

**For full particulars apply
E. W. HAMER, ST. GEORGE'S-TER-
RACE, PERTH.**

Sunday Times, 14 August 1904, p 7

was the only thing of any value remaining. A purchase of further land, comprising 995 acres of Swan Location V from John Blyth and Godwin Crespin, was made for £9,000.⁷⁸ The land ran from the Swan River northwards to where the Mt Yokine Reservoir was later built, being a mixture of properties suitable for residential purposes as well as 'garden allotments in first class swamp lands'.⁷⁹ The land was eventually marketed as the estates of Oakleigh, Surbiton, Streatley and Crespin.

As related in Catherine May's book *Changes They've Seen*, Gold Estates was eager for amenities

such as a local hall and recreation ground to be established on their Maylands estate and donated part of the land while offering the rest to the Road Board at an attractive price. The hall in Murray Street (later known as the Drill Hall) was eventually completed early in 1907. The opening was celebrated with a children's picnic. Edgar Hamer, among the many invited, was unable to attend but 'sent his best wishes'.⁸⁰

A cable sent from London to Perth on 16 August 1904 refers to 33 acres in Bayswater being sold for £4,400. A year later a cable suggests more land be purchased, 'if a good bargain', at not more than £5 5s per acre with one Director suggesting a lower figure of £4.⁸¹ In December a cable clarified that the land in question was at Balcatta and that the Board did not wish to exceed an offer price of £4 10s per acre.⁸² Two months later the Board cabled Perth: 'Balcatta. Board has decided not to entertain. Am writing fully.'⁸³ Strangely, there seemed little enthusiasm to purchase additional land at this point. In all

⁷⁸ London Cable Book, 29 June 1904

⁷⁹ *Sunday Times*, 14 August 1904, p 7

⁸⁰ May, C, *Changes They've Seen*, p 149

⁸¹ London Cable Book, 30 September 1905

⁸² London Cable Book, 13 December 1905

⁸³ London Cable Book, 9 Feb 1906

probability this was related to the Company's lack of capital and rising indebtedness.

In September 1904 associates of former Perth Manager, Charles Deeley, would have been distressed to read of his death in Adelaide at the age of fifty-three. As the *Daily News* reported:

Deeley ... was well known on the Stock Exchange and was one of the pioneer prospectors of the Kimberley district of Western Australia ... According to the evidence, the deceased suffered from diabetes, and had been worrying over financial matters lately'.⁸⁴

He had shot himself with a Winchester rifle.

In 1905 news of an early Gold Estates investment appeared in the newspapers. A petition was sent to the Western Australian Government by the Menzies Waterworks (of which Charles W Milne was Chairman) requesting compensation for the investment made in the said company which had now been forced to 'throw up the sponge'.⁸⁵ At the 1904 AGM of the Waterworks Company in London it had been noted that in 1899 personal assurances had been received that should the Government ever become a competitor it would receive compensation for erecting the condensation plant. Mr Burn, a shareholder, spoke at length lauding the Waterworks

TENDERS are invited for the purchase of the MENZIES WATERWORKS. Ltd., PLANT, comprising of 1 Compound Duplex Condensing Pump, 16in. x 9in. x 5½in. x 15in.; 6½ miles 6in. Galvanised Steel Pipe Line, 3 20,000 gal. Steel Tanks, Condensing Plant, Windmill, Pumps, etc. Full particulars on application. No tender necessarily accepted.

J. B. WARREN, Menzies.

Kalgoorlie Miner, 27 October 1904, p 1

Company as 'pioneers of this industry' and bemoaning the fact that they were being ruined 'not by an individual nor by a private corporation, but by the Government, whose colony we came to serve at a critical time'. Without the Waterworks, Burn pointed out, mines were established that otherwise could

⁸⁴ *Daily News*, 10 September 1904, p 1

⁸⁵ *Kalgoorlie Miner*, 12 January 1905, p 3

**IMPORTANT LAND SALE.
THE KENWICK PARK ESTATE.**

Yesterday Mr. Chas. Sommers, acting on behalf of Mr. B. Liddelow, sold, at a very satisfactory figure, his well-known estate, Kenwick Park, to Mr. E. W. Hamer, attorney of the Gold Estates of Australia, Ltd. The property, which has an area of 3,500 acres, is situated on the Canning River, close to the Maddington railway station, and has been in the possession of the Liddelow family for half a century. It is the intention of the new owners to subdivide the estate into orchard and dairy farms, for which it is eminently adapted. Its close proximity to the metropolis should speedily assure its ready sale.

The Daily News 2 August 1907, p 4

investments were made – this time in West Africa. A company was formed, Fura Gold, but once again the project failed to live up to expectations and was to severely drain Gold Estates resources for many years to come. Nevertheless a profit of £4,471 was reported for the year and the ongoing operation of the Company outlining the current holdings and new acquisitions was reported in the Directors' Statement. Of the freehold properties in Perth, 28½ acres of the Maylands Estate had been sold during the year. Two hundred and twenty acres remained unsold. Sales in the Bayswater Estate were of 17½ acres, leaving a balance of 547 acres in which the Company retained a three-quarter interest. It was also reported that postal facilities had been extended to the Maylands Estate and some church and local authorities had acquired land in the area.

In the same year the Board also ratified a dividend at the rate of 10% per annum free of income tax. This was the maiden dividend for the new Company to be followed by another 10% in 1908. As reported in the *Sunday Times* the Company's balance to credit of Profit and Loss was sufficient to justify this disbursement and 'still leave the board with sufficient sinews of

not have operated.⁸⁶ However, with a change in government and nothing in writing, the Company's petition for 'at least their lost capital and interest' failed.⁸⁷

Meanwhile at the 1905 Gold Estates (1903) Ltd AGM it was noted that a total of £500 was to be divided between the Directors 'in such proportions as may be mutually agreed upon, or failing agreement, equally'.⁸⁸ The net profit in 1906 was £1,241.

In 1907, still hoping to succeed in mining, further

⁸⁶ *West Australian*, 12 September 1904, p 5

⁸⁷ *Western Mail*, 20 May 1905, p 19

⁸⁸ GEA(1903) Ltd, AGM, Aug 1904

war for future operations'.⁸⁹

In subsequent years dividends were not the norm, and, when ratified, were only at the rate of 5% per annum. The next 10% dividend was not forthcoming until October 1926. The Balance Sheet as at December 1907 showed cash at £11,936 with land in Swan Locations V, Y and X valued at £13,716.

When the accounts were presented to shareholders in 1908, freehold land in Western Australia was shown at a cost of £22,018 which included 2,510 acres of 'Kenwick Park' of 'rich' agricultural land purchased in 1907 for £7,000 from Beverley John Liddelow.⁹⁰ The land extended from the Canning River to the Darling Ranges between Cannington and Maddington.⁹¹

The next few years were uneventful apart from 1912 when Swan Location T comprising 925 acres (having been in the Whatley family since 1830⁹²) was

G O L D. G O L D. G O L D.
**A GOLDEN OPPORTUNITY TO THE
NEWCOMERS.**

The Gold Estates of Australia (1903), Ltd., being the largest Estate owners and Developers in the Commonwealth, are Selling some of the finest chocolate and black peaty soil ever seen in W.A. Our Kenwick Estate, at Maddington, only 8 miles from the city of Perth, is a sight never to be forgotten. This is no idle boast, as the dozens of agricultural newcomers who are settlers on this Estate (Kenwick) amongst whom are Englishmen, Scotchmen, Irishmen, and Welshmen, who also being expert judges of first-class soil, speak volumes for its worth, its convenience to Perth, coupled with the wealth of their produce. On this Estate are to be seen some lovely orchards, strawberry, potato, and onion gardens, and beautiful pig, poultry, and dairy farms.

"PERTH'S NATURAL BEAUTY SPOTS."

On our Inglewood, Maylands, Surbiton, Bayswater, Streasley Park, Oakleigh, and Crespin Estates are hundreds of acres of Building Blocks suitable for all kinds of houses, churches, chapels, schools, offices, and factories. Blocks from £8 upwards may be purchased on terms.

DEAL DIRECTLY WITH THE OWNERS, thereby saving the enormous profits of the land agents.

MOST LIBERAL TERMS OFFERED

Ten per cent. deposit, being 2s. in the £, claims right of ownership, balance payable by instalments from 5 to 8 years.

For plans and particulars apply

GOLD ESTATES OF AUSTRALIA,

(E. W. HAMER, Manager),

21 Barrack-street, Perth.

The West Australian 30 January 1912, p 9

⁸⁹ *Sunday Times*, 12 September 1909, p 5

⁹⁰ Schedule of Land created from Titles search

⁹¹ *West Australian*, 26 January 1907, p 2

⁹² May, C, *Changes They've Seen*, p 10

bought from Dr J O Whatley for £5,550. This land, which Edgar Hamer named Whatley Park⁹³, ran from the Swan River to north of Morley Drive.

Minutes of the September 1913 Board Meeting noted a sale of 300 Waihi Grand Junction shares (a gold mine in New Zealand) and 1,000 Tasmanian Copper shares for £259, so it appeared that the Company was endeavouring to cut some of its losses by selling as many mining shares as possible. The expenditure of £200 for road making at Swan Location T was also authorised: the first mention of Western Australian ventures in many months apart from the appointment of Messrs Stawell & Keall as the Company's solicitors.

By the Board Meeting on 11 December 1913 the Company's cash situation was improving with £2,178 on deposit. More Tasmanian Copper shares were being sold as well as shares held in Menzies Consolidated, though by March 1914 it was reported that the sale of shares in this company had been put on hold. Cash on hand was certainly improving, at £5,865. The accounts presented in April 1914 showed that Gold Estates had made a profit of £7,412. The sum of £5,000 was transferred to the special reserve account for the West African venture, leaving unappropriated profits of £5,345.

Meanwhile estate plans had been produced for the whole of Whatley Park (Location T), with the exception of a small section of the frontage to the river, to be passed to the local authorities. In Kenwick, the demand for agricultural land continued, but on a reduced scale. The freehold land in Western Australia had a book value of £14,000. As Michael Gregg remarks 'How much better the Company would have been to have kept out of West Africa and put the money they spent there into land in Perth.'

On 28 July 1914 Europe began its descent into chaos with the Austro-Hungarian invasion of Serbia. On 4 August Britain entered the conflict. By the end of the year Western Australia had sent its first contingent of troops overseas to assist the home country in the war that was supposed to end all wars. For the Directors of Gold Estates in London however, it was pleasing to note that cash figures were improving (£8,934 in the bank) and in December 1914 it was resolved to invest £6,000 in War Loan stock.

Following the death of Nevill Roberts in March 1915, the Chairman, Charles W Milne, proposed his son, Captain Douglas Duart Milne, be appointed to the vacant seat on the Board until the next General Meeting. Joseph G Coldwells proposed John Loudon Strain. The voting being equally divided, the Chairman

93 Letter, Hamer to Secretary, Gold Estates, London, 25 February 1935



Looking towards Whatley Park from the railway bridge. One of four photos taken for Gold Estates c.1914. *Inset:* Gold Estates sign at centre rear of photo.

From the Bayswater Historical Society collection.

gave his casting vote in favour of his own nominee and Captain Milne was duly elected. Coldwells was not pleased by this and asked for his protest to be recorded in the Minutes of the meeting. In July Captain Douglas Milne attended his first meeting and by November 1915 was attending all Board meetings.⁹⁴ It must be presumed that by this time he had finished his war service. The cash position was improving with £11,889 at Lloyds Bank.⁹⁵

In December 1915 J Loudon Strain was finally offered a position on the Board and attended his first meeting as a Director in February 1916. Perhaps buoyed by the strength of the real estate market in Western Australia the Head Office was showing increasing interest in the Company's business, with most meetings attended by all four Directors.

In 1916 a further 4,000 Tasmanian Copper shares at 7s 6d per share were sold to help boost finances. With the increase in housing block sales the Company was gaining a firmer footing financially. Their confidence in the real estate market in Western Australia was growing. This confidence was demonstrated when Hamer was authorised to spend up to £2,000 on the extension of the Perth tramway into the Maylands Estate.

At the Annual General Meeting the usual vote of thanks went to the Directors, but for the first time the Manager and staff in Western Australia were

94 GEA(1903) Ltd, Board Meeting 18 Nov 1915

95 GEA (1903) Ltd, Board Meeting 16 July 1915

also acknowledged for their contribution – an accolade often to be repeated in the following years.

In June 1917 a meeting took place between CW Milne and Samuel Copley.⁹⁶ Copleys Bank was the largest shareholder in Gold Estates (1903) apart from the Milne family. At the age of twenty-six Copley had spent some time in Australia and worked as a barber before entering into finance and acquiring a fortune both in Western Australia and England. His interests were many and varied and included vineyards in the Swan Valley, a soap factory on the Thames River as well as significant real estate and insurance investments.⁹⁷ He had returned to England in 1914.

In later years (2001) Samuel Copley's grandson, Martin Copley, was to found the public charitable organisation, Australian Wildlife Conservancy.

September 1917 saw Gold Estates setting up an agency branch in Perth. Edgar Hamer could now offer his services to clients other than Gold Estates and was to receive 20% of commissions earned. A bonus of £105 was also agreed to due to his excellent work in connection with the tramway extension and the river frontages (presumably in Maylands).

The following month the Transcontinental railway was finally completed linking all Australia's southern State capital cities. Legislation authorising its construction had been passed in 1911 and at the time remarks made by CW Milne at a Board meeting had been reported in the *Kalgoorlie Miner*:

That railway will link up practically all the important towns of Australia, and as Fremantle is still the first port of call for mail and emigrant traffic, the result to the city of Perth ought to be very advantageous, and that must particularly benefit our Bayswater and Maylands estates.⁹⁸

At the April 1918 Board of Directors meeting it was resolved that in view of the amount standing on deposit a further £5,500 be invested in War Loans. In December the Board resolved to sell a gold specimen for the sum of £120. As the price of gold at that time was less than £4 per ounce, this must have been quite a large specimen [about 800 or 900 gm]. It eventually sold on the basis of about 110 shillings per ounce. The price of gold had not made much progress since 1894.

⁹⁶ GEA (1903) Ltd, Board Meeting, June 1917

⁹⁷ *West Australian*, 8 November 1937, p 20

⁹⁸ *Kalgoorlie Miner*, 7 September 1911, p 4

On 11 November, Armistice Day, hostilities in Europe finally ceased. The world was once more at peace though for those who had lost loved ones it was a peace that brought immense sadness. Australian casualties were nearly 60,000, the United Kingdom's nearly a million. Within the year more tragedy came with the outbreak of the influenza epidemic which caused more lives to be lost worldwide than during the war.

In the meantime the business world carried on. In September 1918 Hamer had received instructions to investigate the purchase of land now known as Osborne Park. Real estate in Western Australia was by this time the major part of the investments of Gold Estates (1903), and twelve months later, eager to consolidate, the Board put forward a building proposal for Maylands, authorising Hamer to erect a pair of houses there at a cost of £600 to £800. Hamer was then to spend up to one-third of the estimated cost of £1,250 on road making to extend Beaufort Street to Coode Street. Half was to be charged to Bayswater and half to Whatley Park.⁹⁹

To those involved in the burgeoning real estate industry in Western Australia it was becoming evident that some form of controlling body was required. In December 1918 the Auctioneers, Land and Estate Agents' Association of Western Australia was incorporated with twenty-two members¹⁰⁰ and in 1922 the Association acquired legislative backing with the passing of the Land Agents' Bill.

More land was purchased in April 1920. This was Swan Location 69, also referred to as Castle Hill (Bicton). The purchase price of £8,000 had been met by payment of £4,000 in cash and a loan of £4,000 on mortgage at 6% repayable in quarterly instalments of £500 each. The land fronted the Swan River and was subdivided into over 600 lots. There were no constructed roads in the area. Early sales were not easy and during the Depression the Company donated a lot at a local Progress Association picnic. The raffle winner never claimed the prize as he could not afford to pay the rates.¹⁰¹

A company known as Mines Pty Ltd held a quarter interest in the Bayswater Estate, Swan Location V and the West African undertakings. Following the liquidation of this company Gold Estates purchased its interests outright for the sum of £1,450.

In June 1920 Hamer was authorised to build three weather-board cottages in Murray Street (Bayswater) facing the railway line at an estimated cost of

99 GEA Ltd (1903) Ltd, Board Meeting, 11 Feb 1920

100 Thomas, Athol, *A Terrace Walk and Half a Road*, p 48

101 Michael Gregg. Block to be donated as prize was advertised in the *Sunday Times*, 21 March 1926.

from '£1,000 to £1,200'. He was also given the go-ahead to purchase a motor car for the Company's business purposes in Perth, at an 'outlay not to exceed £500 including accessories', to facilitate inspections of Gold Estates' properties. He was to have use of the car for private purposes by undertaking to pay 20% of the running costs. Until this time the only means of inspecting properties had been on horseback or by horse drawn vehicles.

At the September 1920 Board meeting more War Loan stock was up for sale and Hamer's salary was increased to £500 per annum with a bonus of £140 for the financial year 1919-1920. Things were beginning to improve financially and a recommendation was made to pay a dividend to shareholders – though no further mention is made of this. As a sign of the times, the London office charges were increased from £550 to £750 per annum.

In February 1921, the death of the former Director and Secretary, Joseph G Coldwells, was recorded together with the appointment of Edward Greenwood Coldwells (Joseph's son) in his stead. At the same meeting it was resolved that the Company's office was to be relocated to 3-5 Crown Court, Broad Street, London with Charles W Milne and Co taking over the management of the office. In June 1921 it was noted War Loan stock had been sold for £8,120 leaving £8,000 still held.

In October 1922 a small number of lots at Wembley were bought (known as Perthshire Estate) comprising 13 acres of land in the vicinity of Cambridge, Reserve and Selby Streets. All were sold by 1927. In 1925 Hamer was given permission to increase from £500 to £600 Gold Estates' contribution to the upgrading of Beaufort Street.

In February 1925 the AGM of Menzies Consolidated Gold Mines, held in London in December 1924 (presided over by Director, Charles W Milne), was reported in the *Kalgoorlie Miner*. The report noted that the enterprise had done better than in the previous few years but that the gold premium had fallen reducing the returns from the gold produced. A Western Australian Government subsidy of £5,000 had been granted to assist develop the mine from the 19th to the 21st levels and prospects for going deeper looked positive. It was, however, considered appropriate to acquire an independent report on the mine 'to guide them in their decision and through the kind offices of E W Hamer, of Perth, West Australia, who represents the holders of a large block of shares, Mr N E Giblin was engaged for this inspection'.¹⁰²

102 *Kalgoorlie Miner*, 10 February, 1925, p 1

Despite the growing confidence in their Western Australian real estate investments, the Directors were still looking for opportunities in other corners of the world. In March 1926 it was resolved to buy £1,000 nominal value of 7½% bonds in the São Paulo Coffee Institute. The company had originally been established in 1868 by a British consortium, The São Paulo Railway, which linked the port of Santos to Jundiaí in the coffee-producing interior of Brazil. At the June meeting the purchase was increased to £2,000 – the nominal value of the bonds. Of interest is that the last few Board meetings of Gold Estates recorded an upsurge in the transfer of shares but there was no reference in any of the Minutes to the vendor or purchaser.¹⁰³

Meanwhile the Menzies Consolidated Gold Mining Company had finally gone into liquidation despite the vigorous efforts of Hamer to keep the enterprise going. Shareholders had rejected the idea of contributing more funds and attempts to gain further assistance from the State Government had failed.

The caretaker manager, employed since the mine ceased production, was dismissed and the plant and stores taken by the government as security. A poignant footnote to the story relates to the fate of the horses once used at the mine. Concerned they were ‘eating their heads off’ and costing the Company £18 per month to feed, Hamer wrote:

Mr King [Manager] says the [three] draughts will not fetch near their value (like everything else) and the ponies are not much use, one is 24 years old, gone in the legs and nearly blind, which the police constable advises should be shot, the other is about 17 years old.¹⁰⁴

At the October 1926 Board Meeting, a dividend of 10% (sixpence a share), subject to income tax, was approved. This was to be repeated in the following three years.

Apart from brief acknowledgements at the Annual General Meeting, for some years there had been very little reference to Australian staff in the Board Minutes which was surprising as they seemed to be running the least troublesome sector of Gold Estates investments with increasing interest in real estate.

Meanwhile the London Directors were dabbling in another venture – Pantone Processes Ltd – a type of printing process. By November 1927 5,000

¹⁰³ GEA (1903) Ltd, Board Meeting, 21 June 1926

¹⁰⁴ Letter, Hamer to Secretary, Gold Estates, London re Menzies Consolidated Gold Mines Ltd, 24 May 1926

OPPORTUNITY KNOCKS TO-DAY SAFE, SOLID, SOUND INVESTMENT !

Surburban Land bought to-day within three miles of Perth is safe and sound investment—as sound as the Bank of England.

SURBITON AND STREATLEY PARK ESTATES, BAYSWATER.

Two miles from Perth and only 500 yards from proposed Inglewood Tram Terminus via Beaufort Street. Large Building Blocks, 50 to 60ft. frontage to good depths.

HIGH POSITION. SPLENDID VIEWS.

PRICES from £45 each. Terms, 10 per cent Deposit. Two years free of interest. Special Terms to Purchasers of 2 or more Lots. Send for Plans and Particulars to—

GOLD ESTATES OF AUSTRALIA (1903) LTD. (Proprietors)
123 William Street, Perth.

Write Right Now. It will Pay You, for City Surburban Land is Rising Rapidly.

The Bunbury Herald and Blackwood Express, 27 July 1928, p 5

fully paid shares of £1 were held. The purchase of a further 1,000 was contemplated but the investment was written off entirely by October 1930.

At the September 1928 meeting the Company agreed to give leave of 6 months and an advance of £200 towards Charles W Milne's expenses for his forthcoming visit to Western Australia – a visit which was to coincide with Western Australia's centenary of European settlement celebrations in 1929.

In April 1929, the crash of the aeroplane *Southern Cross* resulting in the tragic death of Charles Kingsford Smith began the year of celebrations on a sombre note. In a happier vein the first talkies, *The Jazz Singer* and *The Red Dance*, were shown at picture theatres in Perth. In May passenger and mail services by West Australian Airways commenced between Perth and Adelaide.

In September eighteen Gold Estates share transfers were approved covering 41,795 shares and fourteen share certificates were issued so obviously there was some consolidation. This was probably the Milne family tidying up their holdings. It was also agreed that £1,000, made available for the extension of the Beaufort Street trams in 1927, be withdrawn as the WA Government had failed to comply with the conditions attached to the contribution.

Assurance Homes of Australia is also mentioned in the Board Minutes of September, a company which, having purchased land in the Perthshire Estate and elsewhere, had fallen behind with their payments and would shortly go into liquidation. Hamer was instructed to protect the Company's interests¹⁰⁵, perhaps a forerunner of the difficult times that were to come with the Depression. The following month Directors' fees of £150 were voted to be divided between the Directors in whichever way they decided.

On 2 October 1929, a week of centenary celebrations culminated in a parade of floats that wound its way through the city streets. The floats represented the many aspects the State's history that the organising committee considered significant. The primary and pastoral industries, explorers, Aborigines, pioneers, secondary industries, the armed services and sporting clubs were represented in the mile and a half procession that took an hour to pass any spectator. Three weeks later, on the other side of the world, the New York stock market crashed, signalling the beginning of years of worldwide economic depression and social displacement.

In London, the Chairman, Charles Milne, having returned from his visit to the Company's properties in Western Australia, reported to the AGM. Before arriving in Australia Milne had visited the USA, Canada, Japan and Singapore. From Singapore he had travelled to Brisbane followed by a week in each of the Eastern States capitals including Canberra where, as deputy chair of Schweppes, he inspected a site for a future factory. He arrived in Perth on Easter Monday. While in Western Australia his main interest was in Gold Estates properties. However it was his other interests that caught the imagination of a reporter on the *West Australian*. As president of the London Boys' Brigade, Milne visited Fairbridge Farm at Pinjarra where he was impressed with the management of the farm and the healthy appearance of the boys. He was enthusiastic about filling 'the vast empty spaces of Australia' with 'material furnished by the Homeland'. The younger the boys the better in his opinion so they could be easily assimilated and 'imbued with Australian sentiment'.¹⁰⁶

Another topic attracting the reporter's interest was Milne's 'all-black' farm in England. It comprised 1,000 acres of black soil and was stocked with black pigs, black dairy cattle and black Orpington chickens.

At the December Board meeting it was resolved to recommend the payment of a 10% dividend for the year ending 30 April 1929.

105 GEA (1903) Ltd, Board Meeting, 17 September 1929

106 *West Australian*, 18 April 1929, p 21

In February 1930, just months after his return from Australia, Charles W Milne died. In the March Board Meeting Minutes the Secretary wrote:

The Directors unanimously expressed their sense of loss in the death of one who had devoted so many years of his life to the interests of the Company, and who had so recently visited the properties in Western Australia.

In his place Major Douglas Milne, now the major shareholder in the Company, was appointed Chairman and William Stuart Gregg¹⁰⁷ was elected as a new Director.¹⁰⁸ Gregg was a partner in Milne, Gregg and Turnbull Chartered Accountants who acted for Gold Estates and the Milne family.

Returns from land sales in Western Australia for the ten months ending 28 February 1930 were as follows: Maylands £5,328; Bayswater £11,050; Kenwick £425; Whatley Park £1,062; Castle Hill £640; Land Perks £150 – making a total of sales for the year £18,665. The profit from these sales was £14,048 gross from which running expenses had yet to be deducted.

By July 1930 difficult times had once more arrived.¹⁰⁹ In 1929 the City of Perth Development Co. Ltd had purchased 333 blocks at the north end of Swan Location V known as Yokine Heights Estate. In July the Board recommended that Hamer, if necessary, vary the terms in the development company's favour. Unfortunately this was not to be as by early August the development company was in the hands of the liquidator.¹¹⁰ Ownership of the land was then re-possessed by Gold Estates.

Despite the adverse investment climate a dividend for the year of 5% per share was still recommended and paid.

In October 1930 it was agreed to sell the 5% War Loan shares and purchase 100 shares of £15 each in the Union Bank of Australia, 100 shares @ £5 each in the Scottish and Australian Bank Ltd and 1,000 ordinary shares @ £1 each in the Newcastle Upon Tyne Electric Supply Co. Ltd. These appeared to be rather more reliable shares than several of the companies invested in previously.

The Menzies Town Lots, purchased by the old Company in 1895, were discussed following the receipt of a letter from Edgar Hamer on 15

107 This was Vernon Gregg's father. The London branch of the Gregg family is not related to the Perth Greggs.

108 GEA (1903) Ltd, Board Meeting, 27 March 1930

109 GEA (1903) Ltd, Annual Accounts for 1930

110 *West Australian*, 8 August 1931, p 1

December 1930 and it 'was resolved not to execute a form of surrender to the Government of Western Australia for the Menzies Town Lots but retain the land in question for the time being'.¹¹¹ A new investment of £500 was, however, made in the metal works company Guest, Keen and Nettlefolds. By this time the Depression was well entrenched.

Nevertheless, in the Directors' Report presented in November a positive note was struck:

Although the present situation in Australia may retard the Company's sales for the time being, the Board look forward with considerable confidence to an ultimate recovery.

In January 1931 the Golden Eagle, the largest nugget ever found in Western Australia, was discovered by a 16-year-old boy at Widgiemooltha, 64 km south of Coolgardie. In a time of economic depression this raised the spirits of some and perhaps jogged the Directors of Gold Estates (1903) into wondering whether their retreat from investing in gold had been well advised.

The Minutes of the meeting held on 1 July 1931 make further reference to the state of the economy in Australia as follows:

Australian Office – in view of the depression of business in Australia it was considered whether any recommendations could be made to Mr. E W Hamer with a view to reducing the office and other expenses in Australia and it was decided to defer any action in connection with this until Annual Accounts were ready.¹¹²

It was noted that Hamer had retired from his position on the Perth Road Board and that Mr Keall was to be consulted about the future direction of the Company if Hamer's services were no longer available.

Hamer, the Manager and Attorney for Gold Estates since 1902, had been a member of the Perth Road Board since 1900 and elected its Chairman in 1917. He was also the Chairman of the Maylands Local Board of Health until it merged with the Perth Road Board. For many years he was a member of the executive of the Road Board Association as well as a member of the Local Government Association. He was a member of the Auctioneers, Land and Estate Agents'

111 GEA (1903) Ltd, Board Meeting, 24 March 1931

112 GEA (1903) Ltd, Board Meeting, 1 July 1931

Association of WA (Inc.) and President from 1930 to 1932. He was also made a Fellow of the Real Estate Institutes and Agents' Association of Australia (FREI).

In a newspaper article in 1931 Hamer's reminiscences on the early days of the Perth Road Board were reported. He noted :

The only made road in the Perth Road Board district apparently was made of blocks, typical of the form of construction employed in that distant period. The present Mt Lawley subway was then known as Fenian's Crossing. It was a level crossing.

Remarking on the development of Osborne Park area he put early progress down to the introduction of plank roads in 'about 1904 or 1905' adding:

The planks were laid on sleepers, three planks being set for each wheel track ... But for the plank roads Osborne Park would not be what it is today ... The cost of the road of this type was only about £10 a chain, and outside of this outlay the road called for no expense in upkeep for at least ten or twelve years ... Later on as funds became available the space between the tracks was filled with limestone.

Hamer was a great advocate of the tramway system to attract potential buyers and encouraged Gold Estates to support it wherever possible. Contributions towards the extension from Walcott Street to Second Avenue were a case in point. As to the effects of the Depression on the building trade and the temporary 'almost complete' halt to which it had brought settlement activity in the suburbs, Hamer saw it only lasting two or three years following which, with stable government, the Perth Road Board district would respond quickly as it had all the conveniences 'transport, light, water, gas, roads, footpaths ... and must go ahead'.¹¹³

In October 1931 it was noted that values were falling (sales were minimal) as Road Board valuations for rating purposes on the Company's property in the Bayswater Road Board area from 1929 to 1932 were as follows: 1929-1930 (£17,149); 1931-1932 (£7,979).¹¹⁴

In 1932, perhaps with some relief for both shareholders and Directors, the venture in West Africa finally lapsed. The Directors could now turn their

¹¹³ *Daily News*, 15 April 1931, p 7

¹¹⁴ October 1931. These figures must relate to the rating or unimproved values and not the actual rate levied (Michael Gregg).

full attention to their less disastrous investments – and perhaps not before time as once again shareholders were getting nervous. At the AGM in 1932, shareholders (at the invitation of the Chairman) asked a number of questions relating to expenses in Australia and London and to the area of land remaining unsold. One shareholder, Felix Rose, suggested that rates and taxes (over which the Company had no control) should appear in the Accounts separately. This suggestion was supported by other shareholders and welcomed by the Board, the Chairman promising that it should be implemented in future.



Edgar W Hamer.

From the Stirling History Collection

While other shareholders expressed the view that they were satisfied the Board was fully alive to the necessity for economy and were doing everything they possibly could, another shareholder, F Bowman, requested a Minute be made recording the need for the utmost diligence in the administration of the Company.¹¹⁵

Illustrating the general concern about investments, in March Edgar Hamer had been asked for copies of the standard form of contract – a clear case of everybody starting to read the small print when things get difficult. This appeared to be concluded when it was reported to the April 1933 meeting that a draft of the Company's land sales contract was being prepared by their solicitors in Perth. A further clause relating to the cost of stamps which the solicitors suggested implementing in the contract had been added and was approved.

By this stage larger shareholders, including Directors and the Secretary, held a total of 52,105 shares. One other shareholder, represented by Douglas D Milne as his proxy, had a holding of 48,624 shares and it subsequently transpired that Milne was the beneficial owner of these shares. It was also

115 GEA (1903) Ltd, AGM, 12 December 1932

resolved that the capital of the Company be reduced from £50,000 divided into 200,000 shares at five shillings each, to £40,000 divided into 200,000 shares of four shillings each. The refund to shareholders was tax free.

Also in April came the news that, with the improvement in gold prices, an attempt was being made to revive Menzies Consolidated Gold Mines. Claude de Bernales was interested in the mine and 'hoped by June he would be able to raise capital in London to re-open it'.¹¹⁶ Though the mine itself would have been of no interest to Gold Estates it gave Hamer some hope that the Menzies town blocks might soon attract buyers.

Of more interest to the citizens of Western Australia came the opportunity to vote to secede from the Commonwealth. Many Western Australians believed that being tied to the East was the cause of all their woes and unless free to go their own way they would be 'dragged from one crisis and depression to another'.¹¹⁷ The vote succeeded with an overwhelming majority of 138,653 against 70,706. However the British House of Commons rejected the submission and the issue eventually lapsed.

In the 1933 Directors' Report it was noted the Company was looking 'forward with some confidence to the resumption of trading on a profitable basis'. However shareholders were also advised of a development which threatened to have severe consequences for the Company. Although the Company could count on a number of years of useful life with the land they already possessed, some 1900 acres, it was feared no new purchases could be contemplated. As the Directors reported:

... the development of new estates in Western Australia have entirely altered as the result of an Act passed by the state government. The Board understand that under the terms of this Act it will be impossible to place any new property on the market for sale piecemeal without first complying with certain stringent requirements, one of which is the construction of roads to provide access to every lot on the estate. Such a condition is a complete innovation, and in the type of suburban property in which this Company is interested, the expense of road-making alone would be out of proportion to the cost of the land. As a result it is doubtful whether the Company could ever afford to acquire further properties of reasonable size for development under the new

116 *Daily News*, 26 April 1933, p 1

117 Bolton, Geoffrey, *A Fine Country to Starve in*, p 255

conditions; and even if it could do so, the expense involved would raise the selling price of the land to a prohibitive figure.¹¹⁸

This Act was an amendment to the *Town Planning and Development Act* (1928) and was the start of government authorities passing service infrastructure expenses on to developers. Up to this point these costs had been born by the buyers and local authorities. Since the 1930s sewers, water, drainage, footpaths and electricity have been added to the list. And the list continues to grow. With the prospect of this legislation the Directors decided ‘that a return of capital be made to Shareholders’ – in other words to gradually liquidate the Company’s trading assets and wind it up.¹¹⁹

1933 also brought with it a change of address for the Company’s registered office in London to 16 St James Street, London.

In September 1934 it was announced that for the first time since 1929 the value of building permits issued by local authorities across Perth would be more than one million pounds.¹²⁰ Hopes were also boosted by the extension of the tramway and the construction of an additional bridge over the Swan River close to the Gold Estates properties. This was the Garrett Road Bridge originally proposed in 1899 and finally opened in 1935.¹²¹ Previously there had only been a railway bridge across the river in the area.

During 1935 the Secretary, Edward G Coldwells, resigned to join a firm of chartered accountants in the city. This ended a long family association with the Company commenced by his father, Joseph, in 1894.

At the following AGM the general consensus was that things would improve, while on the ground in Perth Hamer was battling to extract monies owing from both large and small debtors. To one client whose account, supposed to be paid off over five years, was now ten years old and still owing a substantial amount he wrote:

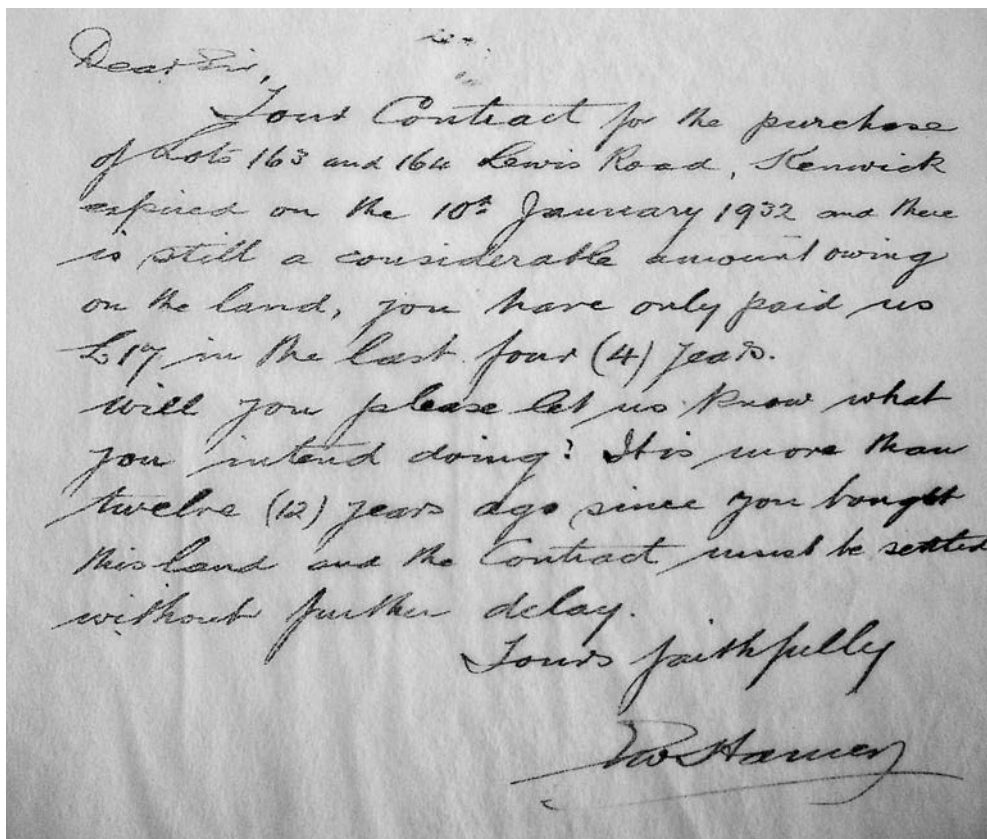
Dear Madam – We are somewhat at a loss to know what to do about your account and wonder if you have the slightest intention of keeping your promises, you have made us so many of them and never ... keep any of them.

118 General Investors and Trustees Ltd report on Gold Estates of Australia (1903) Ltd

119 GEA (1903) Ltd, Directors’ Report, 1933

120 Thomas, Athol, *A Terrace Walk and Half a Road*, p 70

121 May, C, *Changes They’ve Seen*, p 188



Dear Sir,
Your Contract for the purchase
of plots 163 and 164 Lewis Road, Kenwick
expired on the 10th January 1932 and there
is still a considerable amount owing
on the land, you have only paid us
£17 in the last four (4) years.
Will you please let us know what
you intend doing? It is more than
twelve (12) years ago since you bought
this land and the Contract must be settled
without further delay.
Yours faithfully
W. Hamer

Letterbook, dated 3 February 1936

To another he wrote: 'Surely you can do better than this ... at the rate you are paying us it will not be finished up in a lifetime'; and to a lady renting a Gold Estates property he pointed out that she was 'not only weeks, but years in arrears' with payments.¹²²

A firm of builders was also causing considerable concern. The Chairman at the 1936 AGM spoke about the amount due from debtors and said that one specific debt was for a substantial sum. Plunkett Builders Ltd had bought a number of allotments in Inglewood, some as far back as 1925, with only the deposit having been paid on most of them.¹²³ In November 1936 the building company went into liquidation and Gold Estates reclaimed the land – after paying rates due which had also not been paid.¹²⁴ Earlier Hamer had asked Plunkett why

¹²² Letterbook, Hamer to clients, November 1935 to January 1937

¹²³ Letterbook, Hamer to Secretary Gold Estates, London, 8 November 1934

¹²⁴ Letterbook, Hamer to Secretary Gold Estates, London, 23 November 1936

he had not negotiated matters with Gold Estates earlier. Plunkett had replied that he was 'hoping for the depression to lift and fully expected it would'.¹²⁵ Immediately after going into liquidation Plunkett set up a new business.

Adding to Hamer's real estate woes, and leading to his remark in a letter to London 'the place is dead', was that population growth had been dampened by the cessation of assisted immigration from Britain, an initiative not re-instated until 1938. Added to this was the Purchasers Protection Act, November 1933, which introduced a 'cooling off' period for buyers and even allowed purchasers to opt out of a contract in certain circumstances.¹²⁶ The aspect of the Act that particularly annoyed Hamer was that it was now against the law to canvas for business, making it 'useless sending out salesmen'.¹²⁷ Hamer was also trying to sort out a number of land taxes and land valuations which were under dispute.

Another impediment to sales was that so much of Gold Estates land in the Bayswater district was subject to winter flooding. Hamer reports that the Roman Catholic Church had bought some blocks for tennis courts as they were not suitable for anything else. Even to make them usable for tennis the purchasers were filling them 'with cinders, then sand and finally with gravel'. Having sought the assistance of the Bayswater Road Board concerning roads and drainage for many years¹²⁸, Hamer notes that the Perth Road Board was contemplating putting in a drainage scheme for the whole ward which would overcome a 'lot of water trouble in the district'.¹²⁹



Major Douglas Duart Milne

125 Letterbook, Hamer to Secretary Gold Estates, London, 2 March 1936

126 Thomas, Athol, *A Terrace Walk and Half a Road*, p 59

127 Letterbook, Hamer to Deputy Federal Commissioner of Land Tax, 27 April 1937

128 May, C, *Changes They've Seen*, p 163

129 Letterbook, Hamer to Secretary Gold Estates, London, 3 September 1934



Car and chauffeur at Major Milne's disposal whilst in Perth.

In 1937 Major Douglas Milne decided to follow in his father's footsteps and visit the Company's interests abroad. He arrived in Western Australia on the RMS *Orcades* (her maiden voyage) in November and subsequently visited Eastern States' capitals including Adelaide and Brisbane. Whilst in Perth, as the Chairman of Gold Estates of Australia (1903) Ltd and a visiting man of means from the 'home country', his views on a variety of subjects were reported

in the *West Australian* newspaper. Identified as a driver with thirty-five years experience and a member of the Company of Veteran Motorists in England, he was 'puzzled and amused' by the traffic control measures existing in Perth and happy to offer his opinion on such subjects as worn tyres, speed limits, dazzling headlights, signs, the need for traffic lights and angle parking.

In Perth, it seems to me, many motorists are continually engaged in what we call 'copper dodging'. They watch the policeman and when their parking is up they move a little further along the street. That would not be allowed in London.¹³⁰

On his return from the Eastern States another extensive article based on a letter sent to his 'business associates in Western Australia' was published, again in the *West Australian*. Obviously impressed by his time in Australia he declared himself 'definitely pro-Australian'. Acknowledging that 'no Englishman, who has not been out to Australia, can realize the vast size, the difficulties of transport, the climate, the density (or rather lack of it) of the population per square mile ...' he predicted that Australia would have a magnificent future as long as three essential matters were attended to. The first was that the right class of migrant had to be attracted – 'the man who has set his mind on getting ahead whatever the difficulties'; the second that

¹³⁰ *The West Australian*, 19 November 1937, p 9



Gold Estates of Australia (1903) Ltd development, Beaufort Street, Bayswater.
 Thomas Street was later renamed Birkett Street in honour of one of
 the first landholders in the district.

the Englishman must not regard the Australian 'as a sort of aboriginal and patronise him' and the Australian must 'lose that feeling he cannot be taught anything at all'.

The third matter was reciprocal trade agreements which included England providing goods suitable for Australian conditions and Australia promoting more of its agricultural products such as mutton, lamb, dried fruits and timber. Australia should also advertise her products in 'the Old Country' more aggressively.

Ask the man in the street what Australia has to export and your reply almost invariably stops at wheat and wool; occasionally a better informed person may mention Emu Burgundy¹³¹ because he has seen it in a grocer's shop. What about your mutton and lamb? New Zealand gets the credit for this ... What about your dried fruits? What about your timber, etc.? There is no demand for these in England because no one knows you have them to sell. ¹³²

To address these issues he believed that the publicity generated by Australia House required attention so that Australia's name was associated with Australian

¹³¹ Emu Wine established in London in 1862

¹³² *West Australian*, 5 February 1938, p 18



Typical of our land about Perth. Sandy scrub. (written by Douglas Milne 1937).



Photo taken by Milne, 1937.

products and 'a housewife will not merely ask for butter but Australian butter, or Australian lamb or Australian dried fruits...' ¹³³

At the AGM in London in 1937 William Gregg was in the chair filling in for the absent Milne. The only others present at the AGM were John Loudon Strain and John Rutherford Turnbull. A quorum not being present at the appointed time, the meeting was adjourned for a week. At the adjourned meeting the Chairman reviewed the year's operations and explained the position regarding the special treatment of the land forfeited by Plunkett Builders Ltd ¹³⁴ through payment default. He referred to Major Milne's visit to Perth and spoke of the management changes, including the retirement of Edgar Hamer from the position he had occupied for many years as the Company's Manager in Perth and the appointment in his place of Richard Noble. He also proposed Joseph Samuel Foulkes be co-opted as a Director. The co-option of Turnbull to the Board during Major Milne's absence was also approved. It was agreed that the Directors on behalf of shareholders would convey to Hamer their appreciation for his long years of service with the Company. In view of Hamer's dedicated service a grant of £150 (Aust) was made to him for the following year in return for which Hamer undertook to give the benefit of his knowledge and experience should it be required in the future.

There is no doubt Hamer's foresight in the acquisition of land during his term of office laid the foundation for many profitable years after the Second World War.

¹³³ *West Australian*, 7 February 1938, p 16

¹³⁴ Established in 1903

AFRICAN GOLD

1907-1923

DESPITE ITS DISASTROUS DALLIANCE WITH INVESTMENTS IN CHINA, in 1907 Gold Estates of Australia (1903) Ltd had begun another speculative adventure, this time in Africa. Perhaps eager to revisit its early successes with gold exploration in Australia, and remembering the heady days of the 'Kaffir Circus', the investment was in British West Africa, today part of the modern country of Ghana.¹³⁵ It was to be its last investment in mining.

In a Directors' Report in 1907, the Company's interest in the new venture is described as follows:

During the past year the Company took a three-fourths interest in certain river dredging concessions in British West Africa. The concessionaire Mr E G Turner (an Engineer and Surveyor with considerable knowledge and experience of the Gold Coast) was employed by the option holders to carry out certain tests on the concessions preparatory to a formal examination with Mr A C Perkins of Messrs Payne & Co, the well-known Consulting Engineers in respect to West African Dredging undertakings. As a result of Mr Perkins' examination and of the tests he carried out, the concessions are regarded as of great potential value, and upon the recommendation of the Consulting Engineers the whole of them are now being acquired, with the intention of providing a first dredger, to commence work of gold recovery, at the earliest possible date.

The concessions comprised an estimated length of ninety miles of river-bed on the course of the Fura and Huni Rivers (tributaries of the Ankobra) and of the Insuria River (tributary of the Fura River). It also included land beyond the high-water mark upon both banks of the rivers.

¹³⁵ The British established the Gold Coast Crown Colony in 1874 over parts of the country. The Gold Coast achieved independence from the United Kingdom in 1957, becoming the first African nation to do so from European colonialism.

... The Concessionaires also acquire the water rights to certain falls and cataracts on the Huni River for the generation and supply of power, and with the modern tendency to the utilisation of cheap electrical power for the working of mines and railways these rights may also prove to be of considerable value.

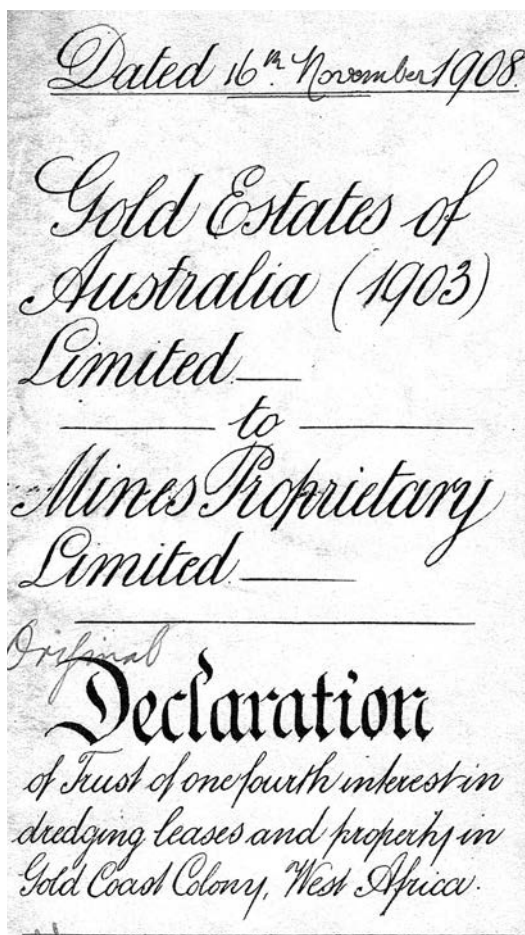
... It is the intention to form a company to systematically develop and work these concessions, and the issue will be made as soon as the necessary preliminary arrangements are completed.

... Applications for shares from shareholders in this Company [Gold Estates] will receive a preferential right to allotment.

Whether the proposed company was the Fura Gold Dredging Company later referred to and whether it was wholly or partially owned by Gold Estates is unclear as the records provide no definitive information.

Whatever the status of the investment, by 1908 the operation was already starting to swallow money with a capital cost to date of £9,593. The following year nothing appears in the accounts for West Africa. It may have been under share investments which are shown at £19,297 as against £12,000 in the previous year. Certainly no dividend was paid.

The Directors' Report for 1910, however, refers to Gold Estates' growing interest in its mining interests on the Gold Coast of West Africa and the Fura Gold Dredging Company in particular which had been the Company's main investment to date. Although the dredge had not been working full-time over 1,000 ounces of gold had been



Dated 16th November 1908.

*Gold Estates of
Australia (1903)
Limited—
— to —
Mines Proprietary
Limited—*

Original
Declaration
*of Trust of one fourth interest in
dredging leases and property in
Gold Coast Colony, West Africa.*

recovered, realising over £4,000 or a little over £4 per ounce. A map dated April 1910 drawn up by Alfred George Turner, Manager for Gold Estates in West Africa, is headed 'Option Agreements over lands unleashed ... Gold, Silver, Tin, Copper, Precious stones & Metals, oil, coal and minerals of every kind'. It must have read like a treasure trove of possibilities.

The actual outcome of the year's finances though was somewhat blurred, as the West African investments were again lumped together with sales of freehold land in Western Australia and valued at £21,722 3s 10d. A similar entry appears in the 1911 accounts where 'Freehold Land, Western Australia, and Mining Concessions, West Africa, at cost, with Expenditure to date' was valued at £23,217 0s 5d.

In February 1912 Turner visited London and met with the Board of Directors. At the interview the Board drew his attention to the necessity for completing and filing cash accounts for book-keeping purposes which Turner stated he would 'work upon forthwith'.¹³⁶

At a Directors' meeting held in April 1912, the 'West African Business' featured high on the agenda. Concessions on the Huni River were discussed and a resolution passed to form a company to acquire and work these rights. The details of how it was to be formed are unclear but it does appear to have been slanted very much in favour of the vendors rather than the ultimate shareholders. The resolution must have been rescinded as no further information appears in the documentation.

By June 1912 the Board's concerns regarding their African investments were growing. Accounts presented by Turner were not approved for payment as it was decided that they warranted 'further dissection'. An increase in Fura Gold Dredging Company's working capital was considered but not agreed to though the cash status of the Company was improving and there was by then £1,333 in the kitty.¹³⁷

In August Turner's appointment as Manager was terminated. No reason was disclosed in the Board Minutes. There were however some lingering disagreements regarding monies Turner claimed Gold Estates owed him. The dispute dragged on for the next twelve months..

By May 1913 the Fura Gold Dredging Company was looking very shaky. Gold Estates was considering a debenture charge over its loan and was not prepared to make any further advances. Meanwhile M F Ribeiro, Gold Estates'

¹³⁶ GEA (1903) Ltd, Board Meeting, 29 February 1912

¹³⁷ GEA (1903) Ltd, Board Meeting, 24 June 1912.

attorney in Africa, was seeking money from other sources, but as had so often happened in the past a further advance of £200 had to be made to the Dredging Company to keep it afloat. It was becoming increasingly obvious that the flow of funds to the Gold Coast was all one way.

At the June 1913 meeting, the Board once again resolved that no further advances be made to the Dredging Company. This decision was overturned within a month when an advance of another £500 was made. Meanwhile a new Manager had been appointed and survey work was proceeding.

In September 1913 the Board considered the Turner matter, including a letter from the solicitors with a copy of an Order of the High Court setting out the terms of settlement for the action against Gold Estates and the Dredging Company. Following discussion it was resolved to confirm the action of the Directors in settling the Turner claim by the payment of £625 plus costs.

However, in October 1913 the Board was informed of a new Turner case with a claim for £500 against the Company and a further £500 against the Dredging Company. Later that month, the bill of cost from the Turner action for the Company's account of £553 was received, and the Secretary was instructed to negotiate a settlement with the solicitors. As usual the only winners were the lawyers.

In the meantime negotiations had begun with a view to the realisation of the dredging plant. Fura Gold was showing all the signs of failure, though the demands for wages and other costs remained an ongoing drain on the Company.

By the end of January 1914, the Gold Estates' investment in Fura Dredging at last appeared to be grinding to a halt, as there was talk of the sale of the plant as well as offering the concessions for sale, both on the Gold Coast and in London.¹³⁸

A draft proposal to lease the plant and concessions with Fura Gold to a Mr Acquah for a period of six years at £1,000 per annum, payable quarterly, was presented to the Board. This seemed too good to be true, and it was. Two new concessions were taken up by a Mr Swinney on behalf of Gold Estates though these leases were also soon in dispute.¹³⁹

In September it was reported that the dredge required replacements which held up the negotiations for leasing the concession and plant yet in November advances to Fura were still being approved. Ribeiro was given permission to sell the landing sites and miscellaneous stores for the sum of £50.

138 GEA (1903) Ltd, Board Meeting, 29 January 1914

139 GEA (1903) Ltd, Board Meeting, 3 July 1914

In March 1915 the dredge had broken down again, and repairs were estimated to cost £965 10s which could possibly be reduced by up to £200 if new wearing parts were sufficient instead of new sections of screens. The Company resolved it was not disposed to finance the Fura Company to this extent. The situation was exacerbated by the shallowness of the river which made it more difficult to repair the dredge. What actually transpired was not recorded.

Ribeiro then suggested to Gold Estates that it might be better for Acquah to make a bid for the concessions and plants as they stood. This did not happen, as the May 1915 Minutes stated that they agreed to Acquah's request to have the reduced rent of £700 per annum approved. They were still haggling with Acquah in June, but it was agreed the Company had no liability for reinstating the dredge plant and lower rents were agreed upon. It appears that the lease to Acquah was at last completed in August 1916.

In September 1916 a bonus of £10 was paid to a Klaus Peter for services as engineer in charge of the dredge for a period of over two years. With all that seemed to have been going on, this seems to be a paltry amount.

At the January 1917 meeting, it was reported that after the fiscal year 1916 – 1917 the £15,000 loss in West Africa would be averaged for tax purposes. It appears the Company must have found manganese on some West African leases as the Minutes refer to a sample being tested though this was never mentioned again.¹⁴⁰

The months dragged by as Gold Estates (1903) Ltd endeavoured to get itself clear of its West African ventures. On a more positive note, it was reported that the Fura dredge had produced bullion to the value of £196 net. Considering the cost to Gold Estates up until this date, (approximately £26,000) this was hardly significant. None of the problems seemed to go away. In one month's Minutes it would be recorded that all was over regarding the West African ventures, and one or more months later there it would be again, still costing the Company money, with previous transactions failed or cancelled.

Such was the case in 1918 when it was reported that the plant was to be placed in a caretaker's hands without the lease being terminated. There must have been trouble with the lessee. Regarding the lease to Acquah – judgement had been obtained against Acquah for rent in arrears to 25 December 1917, with costs amounting to £612. The Board authorised the termination of the lease in May 1918. But of course this was not the end of it as in the Minutes of the

140 GEA (1903) Ltd, Board Meeting, 29 March 1917

29 May 1919 meeting it was recorded that negotiations had been unsuccessful for renting the concessions and plant of the Fura Gold Dredging Company.

Although it appeared that the Company was endeavouring to cut most of its ties with West Africa, there was still copious correspondence from Ribeiro during 1917.

In June 1920 word reached London that the dredge had sunk.

In the Board Minutes of 30 April 1923 an entry reads:

It is here noted for the sake of record that ... it was decided ... to write off as irrecoverable the whole of the balances of the West African Interests at 30th April 1923.

At the March 1932 meeting it was reported that the West African concessions had finally lapsed and for income tax purposes there was a write-off of £5,299. Gold Estates had invested a total of £26,481 in gold leases in West Africa. No return was ever received and the loss was equal to almost 50% of the Company's capital at the time.

A MOST DIFFICULT TIME

1938-1948

IN 1938, WITH RICHARD Noble appointed as the new Manager and Attorney in Perth, Gold Estates moved to the WA Trustee Building at 135 St George's Terrace.

Richard Noble was well known in Perth and had built a reputation as a well-respected and successful business man in property and insurance. Born in 1882 in Bath, England, and orphaned at the age of twelve, he had been sent out to live with relations in Victoria. As a young man he had fought in the Boer

War with the Australian contingent and on his return to Australia in 1903 had stopped in Fremantle where he began his working life with WA Trustees. In 1913 he commenced his own business.¹⁴¹ In later years he was referred to as a gentleman with taste and a *Daily News* article in 1936¹⁴² described him as 'a pioneer of the bottle-green felt [hat] in Perth' whilst wearing it 'with a restrained silver-grey ensemble ... ' Noble had a great interest in English literature and could quote from most of the classics. He was also known for his great love of horses and was a common sight riding his horse, Danté, around Nedlands on shopping trips.¹⁴³

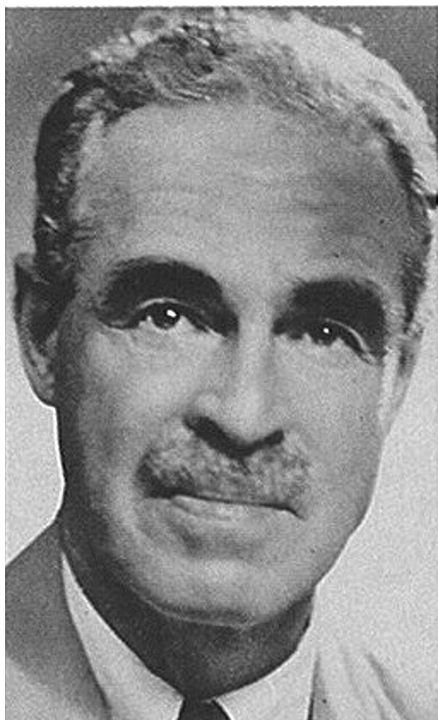
¹⁴¹ *Sunday Times*, 16 March 1913, p 5

¹⁴² *Daily News*, 9 July 1936, p 9

¹⁴³ Recollections of Michael Gregg



The West Australian Trustee building,
135 St George's Terrace



Richard Noble

When Milne chaired the 1938 AGM in London, he reported 'at some length' on the reasons for his visit to Western Australia and 'told of the re-arrangements in Management in Perth' and his expectation of closer communication with Noble and Foulkes. He also described the various properties, their relationship to central Perth and their possibilities as he saw them. He also had the less happy task of recording the death of former Director, John Loudon Strain. Financially 1938 proved not to be a good year for Gold Estates of Australia (1903) Ltd with a loss of £279 – though better than the preceding year with a loss of £643.

If the situation for the Company in 1938 was parlous, things were not about to improve. On 3 September 1939

Australia immediately followed Great Britain in declaring war on Germany. Difficult times were ahead.

On 4 January 1940, at the adjourned AGM for 1939, the Chairman noted that events in Europe had brought Perth land sales to almost zero and expenses were to be curtailed wherever possible. Milne, who was not only Chairman but also by now the largest individual shareholder of the Company, was re-elected as a Director.

The accounts did not improve in 1940. In particular land sales in the Castle Hill Estate (Bicton) which had been attracting attention ceased to be visited by prospective buyers. In his report Milne noted that 'although current sales were not entirely at a standstill, they were very small'.¹⁴⁴ However, in spite of the downturn in sales, Milne remained confident about the future of the Company once the war was over, in particular for the Streatley Park Estate, where the Company had a considerable land holding. In the meantime the Company was to be kept liquid and the land assets preserved.

144 GEA (1903) Ltd, AGM, 1940



Crewe Street, Castle Hill, June 1939.

Photo: Williams & Sargent Ltd

1941 offered no relief with the accounts showing a debit balance in the Profit and Loss Account of £9,115. In response to conditions the Directors offered to reduce their fees from £75 to £60 per annum. No dividend had been paid since 1930 and this was to continue until 1952.

For the first two years of the War, apart from her young men having been sent overseas to fight for King and country, Australia was shielded from the worst of the conflict. However things changed on 15 February 1942 when Singapore fell to the Japanese and four days later Darwin was bombed. Suddenly the ugly face of war was on Australia's own doorstep.

On 20 February 1942, to adapt to the worsening war conditions, the Commonwealth Government took steps to counter unscrupulous property speculators. In accordance with new regulations houses could still be sold as long as the price did not exceed 10% above the last valuation or selling price. Similar restrictions applied to land sales which had to relate to values as at 10 February 1942. Further restrictions were introduced in October 1942 with all real estate transactions made subject to the Federal Treasurer's approval

through delegates based in each State.¹⁴⁵ Speculative ventures were not to be countenanced while the country was at war.

Though Gold Estates was never involved in the practice, Athol Thomas in his book *A Terrace Walk and Half a Rood* describes an inventive method devised by the less scrupulous vendor and buyer to circumvent these restrictions:

One would say to the other: 'There's my hat on the ground. I'll bet you £2000 you can't jump over it without touching it'. With the jump successfully completed, the money would change hands – and then the documents processed at the valuer's price.¹⁴⁶

At the 1943 AGM Milne referred to the 'restrictions imposed by the Commonwealth on land transfers' which entailed 'considerable clerical work' and were keeping sales down. However he assured the meeting that a genuine demand for building lots existed and when peace returned 'the Company should share in the general expansion of normal business'.¹⁴⁷

For those closely associated with the Company the year ended on a sombre note with the death on 10 November 1943 of Edgar Hamer, the Company's Manager in Perth from 1903 to 1938. As well as Hamer Parade having been named after him, in 1951 the naming of Hamer Park would also mark his contribution to the development of the area.¹⁴⁸

Though the records for 1944 are incomplete and the Directors' Report is missing, at long last there was a profit even if it was only £246.¹⁴⁹

For the next two years there was little activity to report at the AGMs in London. In Perth, 'Gardening land, rich moist soil in Bayswater district, close to transport, easy terms ...' and building blocks in 'North Streatley Park' on Beaufort Street continued to be advertised. For those working in the real estate industry in Western Australia a development of note occurred when the regulating body, Auctioneers, Land and Estate Agents' Association of Western Australia, changed its name to Real Estate Institute of Western Australia (REIWA).¹⁵⁰

145 Thomas, Athol, *A Terrace Walk and Half a Rood*, p 76

146 *ibid.*, p 78

147 GEA (1903) Ltd, AGM, 1943

148 *West Australian*, 17 August 1951

149 GEA (1903) Ltd, Profit and Loss Accounts, 1944

150 Thomas, Athol, *A Terrace Walk and Half a Rood*, p 79

In 1945 peace finally arrived with victory in Europe (VE Day) being celebrated in May and, of major significance to Australia, victory in Japan on 15 August (VJ Day).

With the war behind them the Directors' Report for 1946 finally acknowledges that the name of the Company was no longer 'descriptive of our activities'. The gold mining ventures had been 'most unfortunate, and were abandoned years ago ...'. However no action was taken to change the name. The Company was now concentrating on acquiring land in and around Perth suitable for 'good class dwellings, some for working class housing, some for market gardens or small poultry farms, some for commercial purposes'.

Mention is also made of the fluctuations in the exchange rate between the Australian and the United Kingdom pound (£) and the decision to continue presenting the accounts in pounds sterling. The resulting loss in exchange was to be charged to the Profit and Loss Account.

The only figures available for 1947 appear in a Directors' Report where a net profit of £1,096 is recorded. It was noted that no sales had been effected at Castle Hill Estate (the best quality building land owned by the Company) and it was thought advisable to retain this land and await a better price. In a letter to Richard Noble in September, Milne wrote regarding this estate that if the nearby Point Walter Reserve was to be an immigrants' camp it would:

... not be a very useful advertisement unless of course you have the type of immigrant who has a certain amount of capital and is coming out to Australia to settle ... I don't think that the Australian Government will welcome an influx of displaced persons of various nationalities not connected with the British Empire.¹⁵¹

On the highest part of its Streatley Park estate in Beaufort-street, about a quarter of a mile beyond the Inglewood tram terminus, Gold Estates of Australia (1903), Ltd., has completed the erection of a five-room terra cotta tile-roof brick residence which will be open for inspection tomorrow from 2.30 to 5.30. Standing on land with a frontage of 52½ ft. and a depth of 132 ft., it contains a lounge, dining room, kitchen, two bedrooms, bathroom, an enclosed sleep-out, side garage, laundry and front porch. The kitchen is fitted with cupboards, gas and wood stoves in a tiled recess, and there is a servery door with shelves leading to the dining room. The bathroom, situated between the bedrooms, has a semi-sunken bath, a gas heater, marblitex walls and a terrazzo floor. The lounge walls are textured, and the room is fitted with ornamental lighting, which is a feature of the other main rooms.

The West Australian, 4 November 1939

151 Letter, Milne to Noble, 19 September 1947, Miscellaneous correspondence

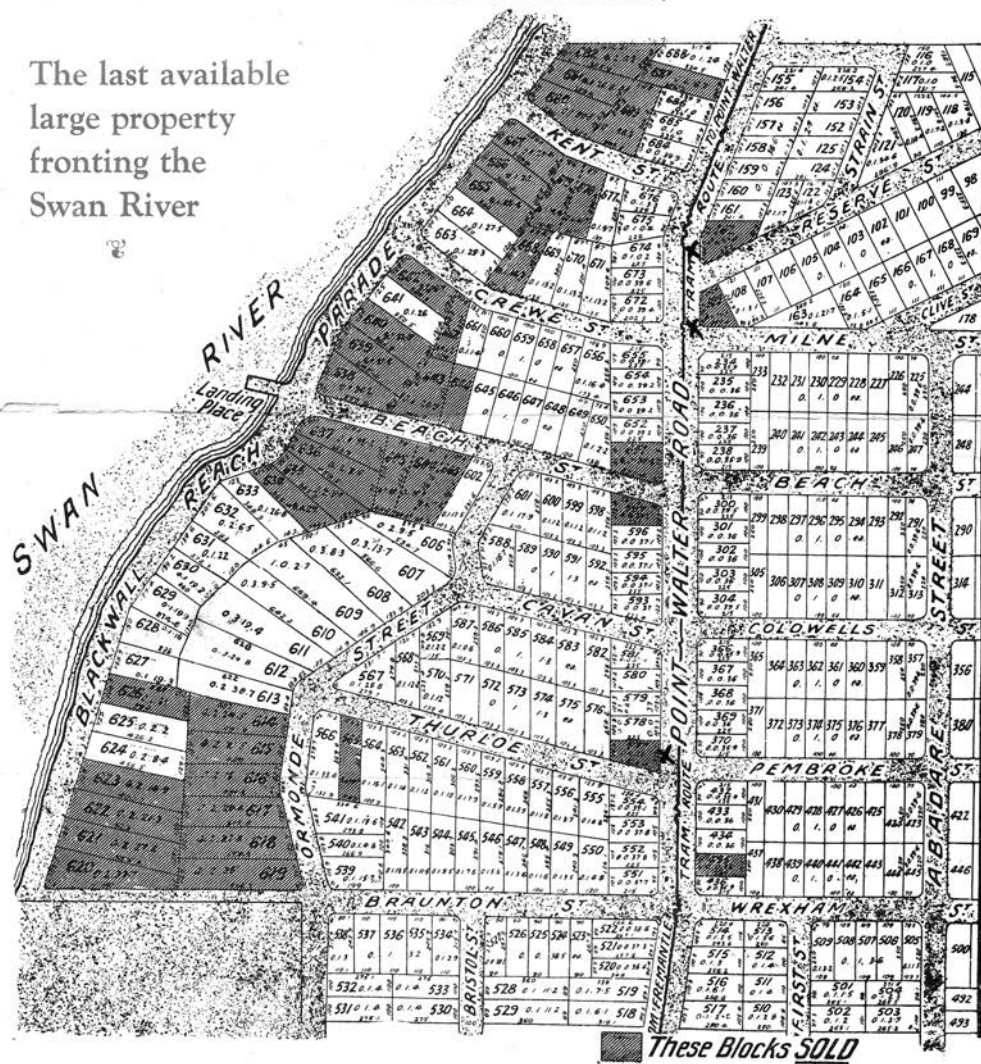
Very Liberal TERMS ONLY 10% DEPOSIT BALANCE OVER 5 YEARS

First Two Years Free of Interest, afterwards 5% added.

GOOD SPORT AND BATHING, BEAUTIFUL VIEWS, GOOD LAND, EASY OF ACCESS
Cool Summer Breezes, Boating, Yachting, Fishing and good soil make this an ideal Suburb

The Soil is a Chocolate Sandy Loam impregnated with Lime which will grow FLOWERS, VINES, FRUIT
AND VEGETABLES most luxuriantly

The last available
large property
fronting the
Swan River



Castle Hill Estate – first advertised in 1920. Early sales shown shaded.

Notwithstanding Milne's views, the Point Walter Migrant Reception Centre established in 1947 operated until 1969 with many of its transient occupants unconnected with the British Empire.

The Company's available funds had been kept liquid, for no suitable investment had been found for their use other than for some land known as City Beach Estate which ought to have strengthened the Company's trading figures. As Michael Gregg, Manager of Gold Estates from 1963 – 1996, was later to comment: 'This land was actually at Wembley Downs and bought for a song (£6 per lot) and unfortunately later sold for a song (£11 per lot).' The report also mentions that the value of land owned, even at the restrictive prices of that time, was very much greater than the figure shown in the balance sheet.

At the 1947 AGM the Chairman reviewed the position of the Company, and spoke of his forthcoming return visit to Perth. He intended, he reported, to discuss fully with Foulkes and Noble the whole 'position and prospects', and what steps and plans were in the Company's best interests. As the largest individual shareholder he assured members that it was essential for him to do everything possible for the Company.

Discussion being invited, a shareholder named Cable spoke at some length. He did so in 'no critical spirit' for he knew the Company was being efficiently administered. However he thought the Directors might consider

THE
**CASTLE HILL
ESTATE**

This Magnificent Property For Sale

An Electric Tramway runs through the Property for its whole length, thus bringing every block into easy communication with the City of Fremantle. Electric Light and Water Mains pass through the Estate.

*Full Particulars and Prices may be obtained
from the Proprietors*

**Gold Estates of Australia
(1903) Limited**

123 WILLIAM STREET, PERTH

E. W. HAMER, MANAGER

EARLY APPLICATION ADVISABLE

Brochure produced in 1920s

repatriating surplus cash to England by reducing the Company's capital and making a return to shareholders. Alternatively they could invest, as he himself was doing, in the short-dated debenture stocks of trust companies. Hunter, of Copley's Bank, supported Cable's suggestion of a return of capital saying if the money were to be paid over to shareholders they could make their own decision as to what to do with it, and bear their own risks. Director William Gregg said he agreed in principle with Cable's views on the value of short-dated debenture stocks. However he felt personally that the Company was in for some hard times when the period of cheap money would pass and even high class equities might drop as much as 30%. For his own part he believed the wisest plan was to keep the money liquid, awaiting an opportune moment to buy cheaply when others were selling. Turnbull also spoke and could see no reason why, with patience, suitable investments should not be found in Australia to make the Company a permanent dividend producer.

Early in 1948 Milne and his wife, Winifred, arrived in Perth with plans for a short visit. It had taken some time to organise their passage due to the post-war scarcity of shipping. As he had written to Noble on 25 November 1947:

... our shipping people have turned down my application, on the ground I am not engaged in either export or food, and therefore my visit is not essential ...

Noble had replied to his wife, Winifred Milne:

Dear Mrs Milne

It seems extraordinary to me that the bureaucrats who control your lives, should maintain that Major Milne's visit to this country is unwarranted ... But your case is typical of the manner in which our private lives are being interfered with in these times ...

And, as with their journey out to Australia, so their return journey was equally hard to arrange and the couple of weeks the Milnes had planned to stay stretched to four months. It was during this period that, due to ill health, Richard Noble was forced to resign. In his place his son-in-law, Alec Gregg, assumed the managership of Gold Estates in Western Australia after Richard's son, Max Noble, had advised his interests lay elsewhere.

Alexander (Alec) Longmuir Gregg was born in Belfast, Northern Ireland,

and educated at Felsted School in Essex, England. He had migrated to Adelaide, South Australia, in 1929 where he found employment with George Wills & Co. Ltd, shipping and forwarding agents. In 1933 he married Richard Noble's eldest daughter, Edna. With the outbreak of World War II he enlisted in the Royal Air Force and was commissioned in 1940 prior to being posted to Singapore. Following the fall of Singapore he escaped to Java and eventually found his way to Fremantle on a small Dutch East Indies coastal ship. In 1946, upon discharge from the RAF with the rank of Squadron Leader, he had joined Richard Noble and Company.



Alexander Longmuir Gregg

Associated with the Milnes' visit to Perth was the purchase of a new car for the business. In 1947 Noble had written to Milne:

... the Company was doing good work as far as possible by providing a number of returned men with home-sites and as you may realize, this entails driving the would-be purchaser to inspect the block on which he wishes to build.¹⁵²

The original car bought by Hamer was now 'of ancient vintage' and although Noble had suggested ordering a Humber Snipe, Milne had countered that in his opinion a Snipe 'is rather an expensive model to be used for our job. A Hawk is quite a good car, and, if you can get delivery of this I think you would be well satisfied'.¹⁵³ A Humber Hawk was duly ordered. Gregg later wrote to Milne 'The H.H. continues to purr exceptionally well and I find it a great pleasure to drive.'¹⁵⁴

152 Letter, Noble to Milne, 10 June 1947, Miscellaneous correspondence

153 Letter, Gregg to Milne, 24 September 1947, Miscellaneous correspondence

154 Letter, Gregg to Milne, 4 June 1948, Miscellaneous correspondence

By 1948 restrictions on land sales were still in place though attempts by the Commonwealth Government to allow it permanent control of prices, rents and charges had been defeated. The only change was that land control was transferred to the States. In the Directors' Report for the year, Noble was thanked for his 'very efficient and cheerful service during a most difficult time in land sales'.

At the AGM in November Major Douglas Milne reported on his visit to Western Australia and presented 'air photographs' and marked plans to supplement his statement. Following the Chairman's report, Mr Hunter, as proxy for Copley's Bank, claimed that although they could not have found a better Manager than Noble or better successor than Gregg he objected to the Company continuing in business. It would never, he claimed, 'yield a return to shareholders, and the shareholders were tired of seeing sales eaten up by expenses'. He was convinced that there was no money to be made anywhere in Australia and therefore 'no reason to keep the Company in existence'. Cable agreed with Hunter and wanted to see the Company liquidated. He could find 'good investments in England for whatever he could get for these shares and thought others would feel the same'.

Noting the mood of the meeting, Milne responded that had a motion been put to liquidate the Company he would have voted against it, adding however that the matter would 'be carefully considered by the Directors and it was possible that he might change his present opinion'.

GOLD ESTATES.

Earnings in This State.

Gold Estates of Australia (1903) Ltd., a London company which is realising its estates at Kenwick, Maylands, Whatley Park, Bayswater and Castle Hill (Fremantle), made a profit of £5,748 on land sales to the year ended April, 1946. There were no forfeited deposits. Dividends and interest amounted to £486 and transfer and probate fees to £3. Estate expenses were £1,603 and general charges in Australia, £597. London charges were £666 and directors' fees, £180. After deducting all charges, a net profit of £3,191 remained, compared with £886 the previous year. A debit balance of £10,112 was brought in. Loss on exchange written off was £5,184. A deficit of £12,105 was carried to the balance sheet.

The West Australian, 7 April 1947, p 12

ON THE THRESHOLD

1949-1964

BY THE TIME THE DIRECTORS' REPORT AND THE ANNUAL ACCOUNTS were presented in December 1949 the Chairman, Douglas Milne, had made another visit to Perth to inspect Gold Estates' properties and after 'full discussions with local people' had come to the conclusion that 'it was useless to think of further developing the Company'. Instead, an immediate return of capital and gradual liquidation seemed the sensible course to take. The other Directors agreed.¹⁵⁵

Milne and his wife had arrived in Western Australia in early January on the *Orcades* and, as in the past, his opinions were solicited by the press. Again he spoke on British migration to Australia. Inadequate publicity, he asserted, was attracting the wrong type of migrant. 'Australia has great potentialities for people who are prepared to *put their back into it*. Australia needs skilled artisans, rather than professional men.'¹⁵⁶ However, apart from their name being mentioned a few times in the social pages, the Milne's third visit to the State attracted less press coverage than on previous occasions. They left on the *Dominion Monarch* on 19 July 1949.

Inadequate Publicity 'Attracts Wrong Type'

INADEQUATE publicity, resulting in the wrong type of migrants coming to Australia, was being issued in England from official sources, said chairman Major D. D. Milne of Gold Estates of Australia, today. He and his wife are on a visit from England.

English people are being led to believe that they could get "cushy" jobs in Australia, and earn good money, without much work.

"Consequently, the wrong types are coming here," he said. "Australia has great potentialities—for people who are prepared to 'put their back into it.' Australia needs skilled artisans, rather than professional men."

This is Major and Mrs. Milne's third visit to Australia.

The Daily News,
12 January 1949, p 4

155 GEA (1903) Ltd, AGM 1949

156 *Daily News*, 12 January 1949, p 4

But Milne had been busy. Apart from getting a feel for the local situation, he had actively worked on the management of the properties and was able to report that nearly all the Kenwick land had been sold off and the 'entire selling prices of the other Estates' had been revised. As part of a five year plan towards liquidation Yokine Heights was to be left to last (as it had the greatest potential for appreciation) and the more elevated lots on other estates to be sold off first.¹⁵⁷

In the 1949 Directors' Report shareholders were informed that since the date of the accounts, the capital refund of two shillings per share had been made to shareholders. This had reduced the capital to two shillings a share which left a paid capital of £20,000. There was a trading profit of £6,978 on which Australian tax of £2,491 was to be charged and the accumulated losses for the Appropriation Account were down to £5,771. It was also noted in the Directors' Report that Joseph Foulkes had resigned from the Board due, no doubt, to a potential conflict of interest as his firm was also the auditor for Gold Estates.

Despite the decision to liquidate, it was evident that Head Office had noticed the upturn in the Perth market. Major Milne in particular was keeping a sharp eye on the Company's operations, illustrated by the following excerpt from a letter written to Alec Gregg dated 8 December 1950 referring to the Mount Yokine property where Gold Estates had 100 acres.¹⁵⁸

As far as I can make out from the very inadequate plans we have, the reservoir which is now being constructed¹⁵⁹, would be bounded by Flinders Street on one side and then with Bedford Avenue or the continuation of the Strand on the other. I believe our land ends at Coode Street. However, if you do manage the airmail letter in time, will you please indicate on one of the latest plans you have the real position of the reservoir and the roads in relation to the estate.

Access to this area in December 1950 was still via a limestone track from the sealed Wanneroo Road.¹⁶⁰

157 GEA (1903) Ltd, AGM 1949

158 Part of the Mount Yokine Heights Estate had been re-possessed when the City of Perth Development Company got into trouble in 1930.

159 Opened 14 December 1950. Letter, Gregg to Milne, 15 December 1950, Miscellaneous correspondence

160 Letter, Gregg to Milne, 15 December 1950, Miscellaneous correspondence

Later that month, in the Minutes of the 1950 AGM, Milne reported that the West Australian Government was compulsorily resuming their prized land at Yokine Heights for State Housing and they could do nothing about it 'save try and secure as good a price as possible'.

Profit after tax was £6,075 from which was deducted the deficit carried forward of £5,771, and at long last the Profit and Loss Account was in credit and this has continued up to the present day.

In a letter to Alec Gregg on 10 March 1951, Major Milne referred to an approach by T M Burke (a major developer in the area for some time) regarding the purchase of the remainder of the Castle Hill Estate. Alec Gregg replied that he considered the Estate to be worth £30,000 and appreciating rapidly. No mention was made of the number of blocks involved. Milne, however, was still adamant that the liquidation policy adopted by the Company be continued over the next two or three years. This included the remainder of the land at Kenwick where there were only seven or eight lots left. The Major suggested that an offer, even at a lower figure than the set prices, should be considered to clear out the whole Estate.

Apart from the Yokine Heights resumption, yet another of Gold Estates properties was now targeted for government purposes – the Whatley Park Estate in Bayswater. In a letter replying to Major Milne, written on 19 March 1951, Alec Gregg wrote:

The official notice has appeared in the Government Gazette, resuming the blocks at Whatley Park for the purpose of a railway marshalling yard. I have not yet gone fully into the figures as I am working on comparable sales in respect to the amount we should claim, but up to date I think we should establish somewhere around £50 per block. The total number of blocks affected is 90.

In his reply Milne doubted the £50 figure could be achieved but confirmed that Castle Hill Estate was not to be sold in bulk – 'We hang on' – and replied to Gregg's inquiry about shares in Gold Estates:

Regarding your query about the sale of Gold Estates' shares, there has been nothing going on this side at all. The only man who holds the shares is a Broker and he picks them up in small numbers at penny prices from executors and others. He keeps a close tab on the Company's register

and also watches the births, marriages and deaths columns. He used to make a profit of 4 to 5 shillings per share, now with the reduced capital he does not make so high a percentage.¹⁶¹

The broker referred to was Clifford Coleman who eventually became one of the Company's largest shareholders.

Even though the English Directors were pushing to liquidate as fast as possible, Alec Gregg, on the ground in Perth, had always questioned the policy of not buying any new land.¹⁶² At the least he realised that by being less hasty, better profits could be made. In a letter to Milne dated 19 April 1951 Gregg suggests that due to the combined English and Australian tax bill and the appreciating land values, the Company would be better off selling only a quota of land each financial year. This would be 'sufficient to pay all expenses, a reasonable dividend, and have a bit in hand'. He did not think this would affect the plan for final liquidation. As all the land holdings were situated in the metropolitan area he was confident there would always be a demand as long as the population continued to grow by natural increase and immigration. Supporting this argument he noted that 'planned immigration would appear to be the policy of all political parties for some time to come'.

This concern with taxation matters would have struck a chord with Milne as in a letter to Gregg dated 5 September 1951, he makes reference to the high rates of income tax in Britain: 'I do not want income today as my wretched government takes 19s 6d in every £ so it is no good having an income.'¹⁶³

In May Major Milne agreed to a sales quota that would provide a profit of around about £2,500 – bearing in mind that the Company intended to apply to the Courts for a capital refund of 1 shilling and 6 pence per share which would reduce the face value of the shares to 6 pence per share or a total of £5,000.¹⁶⁴ This was rather a small capital for a company listed on the London Stock Exchange. Funds on fixed deposit were only earning between 1% and 1½ % interest.

The Chairman's Statement for 1951 notes that no reinvestment had been undertaken but that a great deal had been done 'without forcing sales at sacrifice prices, towards realisation of the Company's land'. There was still a consid-

161 Letter, Milne to Gregg , 29 March 1951, Miscellaneous correspondence

162 Letters, Gregg to Milne, 14 July 1950 and 19 August 1950, Miscellaneous correspondence

163 Refers to investment income.

164 Letter, Milne to Gregg, 3 May 1951, Miscellaneous correspondence

erable amount of land on hand but the Chairman noted that the Company was approaching the point when the liquidation decided upon would become advisable. He also announced that he felt that it was his duty to take this in hand personally, and was once more planning to visit Western Australia.

Though no longer a director, Foulkes, in his capacity as Auditor, was in touch with Milne and on 6 September 1951 had written to him about the difficulties prospective home owners faced when trying to access building supplies in post-war conditions. Milne wrote to Gregg:

I am afraid the picture that Foulkes paints of the general lay-out in Australia is a pretty gloomy one. But he said that one of the big factors in the sale of land today is the home hungry complex of many people, but that building materials of all classes are in such short supply that the prospects of building for many purchasers for some years to come is very remote indeed.

But things were improving. 1951 had been a good year for the Company and the extra work load meant a second clerical assistant was employed in the Perth office. Profit was £38,505 on land which in the previous year had a book value of £939, and the write-off of the land sold during the year left a cost in the balance sheet of £459. The Profit and Loss Account was well and truly back in credit and shareholders' funds on a paid capital of £20,000 now totalled £37,466. The net profit after tax was £11,540.

In a letter to Milne on 24 July 1951 Gregg notes 'The Hawk is still running well.'

In his correspondence with Milne, Gregg raised his concerns about what to do with the unsaleable swamp lands and rights of way in Whatley Park. Milne, in the meantime, was suggesting names for the new subdivision drawing on the christian names of Directors and members of staff. He did not think, however, that his secretary's first name could be used as 'Nancy Road' would not go down well.

In February 1952 Alec Gregg wrote to Milne 'I consider Western Australia

The West Australian
29 September 1951, p 19

WHATLEY PARK ESTATE.
Bayswater. building blocks
available. 66ft. frontages. near
bus and rail, cash or terms.
Gold Estates of Australia
(1903) Ltd., 135 St. George's-
ter. BA3943.

is on the threshold of great development.' This optimism was no doubt due to burgeoning migrant numbers, and such events as the establishment of the oil refinery at Kwinana and its associated industries. The timing could not have been better for a visit from two of the London Directors.

In September Douglas Milne and Vernon Gregg arrived in Perth but apart from some coverage of a cocktail party at the Adelphi Hotel, very little press attention was given to the visit of the London Directors of Gold Estates of Australia (1903) Ltd.

At the AGM for 1952 Donald W Milne, a cousin of Douglas Milne, had proposed that the Directors be voted a sum of 1,000 guineas for 'special services' for the years preceding 1951 and a similar amount for 1952. The proposal was passed. The Directors did not vote.

Alec Gregg's optimism about Perth's future were to be confirmed in many ways – even signalled by such minor events as the advent of the first traffic lights at the West Perth subway in December 1953. Charles W Milne would have been pleased.

The Chairman's Statement for the year 1953 included the following:

During the year to 30th April 1953 the land we held at Yokine Heights, and which we had hoped to realize gradually at satisfactory prices, was compulsorily acquired by the Authorities. All we could do was endeavour to secure a fair price on acquisition. But it was inevitable that the figure realised in this way was only a fraction of what we could have obtained by nursing the property and selling gradually over a period.

Since the preceding report in 1952, however, a complete turn around in the policy of the Company had occurred. Gold Estates was once more looking for land to purchase.

Few opportunities to buy land came our way during 1952/1953 but we did secure a small amount as is shown in the Balance Sheet by the increase over the previous year; and the Perth Management is continually watching for any land suitable for development which may become available.

The land we still own is mainly in the Whatley Park district of Perth and a new subdivision of this land is under discussion and when

approved should increase considerably the saleability of the Whatley Park lots and the prices obtainable.

We also retained some valuable building land at Castle Hill and we have deliberately not pressed sales there since it seems obvious that the industrial developments now in progress outside the Perth area will add greatly to land values in desirable residential locations like Castle Hill.

The Report ends with the following significant statement:

The financial position of the Company is excellent and we are fully ready to take advantage of any good buying opportunity that may present itself.

This change of attitude seems to have been brought about by the visit to Western Australia of the Chairman and Vernon Gregg. As well as a Director of the Company Vernon Gregg was a very astute commercial chartered accountant and as Michael Gregg has recorded: 'I suggest it was he and Alec Gregg who turned Major Milne's view from liquidation to continuing trading.'

The 1953 Accounts and Chairman's Statement records a capital refund had been made and there were now 200,000 shares at six pence each on issue. A dividend of three pence per share (less tax) was sanctioned.

In 1954 the Queen and Duke of Edinburgh visited Australia and arrived in Perth on 26 March in the middle of a polio epidemic. To protect the royal visitors, handshakes were dispensed with and many public events, including gatherings of school children, were modified. The warmth of the public response was, however, undiminished and the visit considered a great success as Gregg recorded on the royal couple's departure:

I think all the small craft in Western Australia accompanied 'The Gothic' out of the harbour. The launch, on which I was a guest, finished off almost halfway to Rottnest before we turned back. Her Majesty was on the Bridge taking shots with her movie camera.¹⁶⁵

165 Letter, Gregg to Milne, 4 June 1954, Miscellaneous correspondence

The finances of the Company were continuing to improve, although not as rapidly as during the previous year. The Chairman's Statement refers to a proposal to re-subdivide the Company's largest remaining property at Whatley Park to maximise returns on a rising property market. However notification had been received that the State Government of Western Australia proposed to resume the whole of the Whatley Park land.

Prices, of course, have still to be agreed, and we do not yet know the suggested terms of payment nor whether the land will be resumed at one time or in a block over a period. But the acreage to be resumed is considerable; and though it is disappointing that we should not be able to develop and sell this land in the normal way and to the best advantage, the Directors are confident that an equitable settlement will be arranged.

We were able to buy a small amount of land during the year; and the Management in Perth is continually on the look-out for any promising lots that may be obtainable at reasonable prices.

Even after the Whatley Park land has passed to State Authorities, we will still hold valuable land at Castle Hill, Bayswater, and Kenwick, where demand continues and prices advance.¹⁶⁶

The net profit for 1954 was £1,201. The dividend of three pence per share (less tax) was paid.

In 1955 a small amount of land was purchased and the Chairman's Statement referred to negotiations taking place on a couple of other investments. Also mentioned was a change of direction for the Company. For the first time, instead of buying and selling undeveloped land, a house had been purchased for re-sale. The property was in Wellington Street and cost £3,034.

At the 1955 AGM the Chairman foreshadowed an event that would have a major impact on property development in the metropolitan area.

We indicated a year ago that the State Government had resolved, under their Statutory powers, to resume the balance of our land at Whatley Park. So far, however, the authorities have not proceeded further.

166 GEA (1903) Ltd, Chairman's Statement, AGM, 1954

We therefore think we may look forward to a period at least in which we may develop and deal with the land we hold, so long as our developments fall in with the Government's plans for the Metropolitan region of Perth and Fremantle.

These Government plans recently issued were obviously the result of a great deal of thought and care and should be of the greatest value to the future of Perth.

The 'Government plans' referred to was the initial metropolitan region plan prepared by Professor Gordon Stephenson and J A Hepburn known as the Stephenson Plan. The need for a comprehensive plan to regulate and guide the growth of the city and its suburbs had long been recognised. As early as 1911 the Perth City Council had joined with Subiaco, Leederville, North Perth and the Perth Road Board to address traffic, aesthetics and sanitary concerns. However it was not until December 1928 that a Town Planning and Development Act was passed in State Parliament generating the appointment of a Town Planning Commissioner and Town Planning Board in the following year. Little further progress was made during the Depression and WWII but a post-war population boom and renewed prosperity meant it was essential a plan be generated to guide the growth of the metropolitan area into the future. During the 1960s the Metropolitan Region Planning Authority was appointed and a planning scheme based on the Stephenson-Hepburn Report adopted. This initial scheme was soon modified and would culminate in 'corridor' planning and the publication of a report in 1970 entitled 'The Corridor Plan Of Perth'.

The net profit after tax for 1955 was £2,151. The dividend for the year was at the rate of four pence per share (less tax). Shareholders' funds were £30,125 and land at cost in the accounts was shown at £2,014. It was now recognised that the boom period of two years ago was 'well and truly finished'.¹⁶⁷

In the Chairman's Statement for 1956 it was noted that the compulsory resumption of land at Whatley Park announced some two years ago was now expected to go ahead. It was hoped the matter could be concluded before the next meeting. More land, comprising 116 acres, had been purchased at Jandakot (now known as Leeming) some twelve miles south of Perth on what it was believed to be advantageous terms of £4,500. Despite his private concerns that the boom was over the Chairman included these words in his Statement:

167 Letter, Gregg to Milne, 28 October 1955, Miscellaneous correspondence

The Company's financial position remains excellent, and our Perth Office is constantly on the look out for possibilities of profitable investment.

Gold Estates' net profit for the year was £2,210. Dividend that year was paid at the rate of four pence per share (less tax).

With 1957 came the death of William S Gregg. He had been a Director for twenty-seven years. Donald Williamson Milne, a cousin of the Chairman, was co-opted to the Board. Until now, apart from the election of Vernon Gregg, the composition of the Board had not changed for thirty years.

In the Chairman's Statement shareholders were informed that although the Whatley Park negotiations had not been concluded, £10,000 had been received on account and used to purchase 60 acres of land in the Scarborough district fronting Arnott Street and Karrinyup Road at Trigg Island. The purchase price was £20,000. This land was later exchanged by the Western Australian Government for land fronting Karrinyup Road and Marmion Avenue together with land at Karrinyup Heights adjacent to the Lake Karrinyup Golf Course.¹⁶⁸ Shareholders' funds had increased to £35,067. A dividend of six pence sterling per share (less tax) was paid.

It is noticeable that no-one now seemed interested in liquidating the Company in exchange for cash. The original land holdings and earlier land holdings were shown at £898 and new purchases £22,677. There was a good balance here with 60 acres at Trigg Island and 116 acres at Jandakot. Profit after tax was £9,040.

In 1958, following four years of negotiations, further resumption by the Government of a major portion of Whatley Park was finally concluded. 1958 also brought another ending. On 19 July the tram from Inglewood to Perth made its last journey along Beaufort Street making Perth the first capital city in Australia to abandon the service. No doubt Edgar Hamer would have found the occasion disappointing having for so many years championed the electric tramway and encouraged Gold Estates to contribute to its growth.

Net profit for the year, which included the balance of the Whatley Park resumption figure, was £20,084 before tax. Tax was £8,793 and the dividend was once more at the rate of six pence per share (less tax).

¹⁶⁸ Michael Gregg

In 1959 Douglas Milne once again visited Perth and left convinced that the estate at Jandakot and the Trigg Estate land would need nursing but remained confident about the future.

Australia is certainly a country with great possibilities, and not only are British Manufacturers establishing themselves there, either directly or through Subsidiaries, but Australian business men are finding the means to finance manufacturing and trading concerns of their own. I returned from my visit definitely optimistic; and even if this Company has to face (as is possible) a few lean years now and in the immediate future, we have reserves of undistributed profits upon which we can draw for the benefit of Shareholders.¹⁶⁹

During the year the Perth Manager, Alec Gregg, was asked to visit London and was available to 'discuss and to express' his views with the Directors at the Annual General Meeting held on 24 November 1959. He would also have been able to report the opening of a new bridge spanning the Swan River over to South Perth. The Narrows Bridge provided much easier access to the city from the eastern suburbs including Bicton and the Company's Castle Hill Estate. The bridge was also a catalyst for residential development south to Jandakot where the Company held land. As a result of Gregg's visit it was decided to dispose of all building lots in outlying areas 'as opportunity offers' and concentrate on the larger blocks remaining from past purchases.

On a more personal note for Alec Gregg, his father-in-law, Richard Noble, had died in Perth in July whilst Gregg and his wife were in London.

The net profit in 1959 was £293 and there was a provision for taxation of £1,909 including adjustments for earlier years. Obviously there were some items that weren't tax deductible. The dividend was held at 100% - at six pence per share.

On 16 October 1960 the first official television transmission in Perth occurred (TVW7), followed on 7 May by ABW2 (ABCTV) thus beginning a whole new world in entertainment, communication and information for Western Australia.

A not so new beginning occurred for Gold Estates when it decided to experiment again with building houses on suitable plots of land. In the

169 GEA(1903) AGM, Chairman's Statement, 24 November 1959

Chairman's Statement it was recorded that two houses had already been erected to see how this project 'of building and selling, rather than dealing in land, might go'. Another development was the decision to co-opt Alec Gregg as a Director. This was the first time a Manager in Perth had been made a member of the Board.

Profit for the year to April 1960 was £948. A dividend of four pence per share (less tax) was paid.

In 1961 it was reported that although sales of land for the year had not been pressed, the two houses built at Castle Hill had been sold at a profit and the experiment was to be expanded. On the Company's land at Trigg Island, where the authorities had asked for an adjustment to meet local requirements for recreational space and other facilities, an exchange had been satisfactorily arranged and would probably facilitate its development earlier than expected. There was no progress with the development of Jandakot (Leeming) though capital appreciation was taking place.

The dividend was six pence sterling per share or 100% on the capital of £5,000 for the years 1961 to 1963, leaving a small surplus.

1962 earned Perth the description 'The City of Lights' when the city and suburbs turned on their lights as the astronaut, John Glenn, on his inaugural space flight circling the world in the capsule Friendship VII on 20 February, passed overhead during the night. Perth was also in the spotlight when the Duke of Edinburgh arrived in Perth to open the Commonwealth Games on 22 November.

Though two more houses built by the Company at Castle Hill remained unsold it was decided that the experiment should continue with the erection of cheaper houses in Whatley Park. They also hoped to make sales during the trading year on the Trigg Island Estate, where roads were already in existence. Land there was showing promising signs of appreciation in value and the same applied to Jandakot.

It is of interest that the profit on land sales from the original estate acquired in 1895 and written off against earlier sales was £14,847. The cost price of this land was evidently £6 because the freehold land in the previous year was shown in the Balance Sheet at £38 and the figure in the 1962 accounts is £32. Even so, a pretty good profit on the prime cost of £6.

It is also of interest that there had never been any further mention of the original purposes of the Company, such as trading in gold mining leases or other minerals. Obviously no moves were made to engage with the new iron

ore industry following the huge deposits discovered in the Pilbara in 1961 and in particular at Mount Tom Price in September 1962.

As far as the building experiment to test the market was concerned it had been disappointing so it was agreed to concentrate solely on the lay-out and sale of building lots. Net profit after tax for 1962 was £6,070. The dividend was 6 pence per share.

The AGM for 1963 was held on 19 November and the Chairman's Statement devoted a great deal of space to the death of Alec Gregg from a heart attack on 14 September :

All who had the privilege of knowing Mr Gregg knew and valued his cheerfulness, his energy, and his ability. He had the gift of friendship, and the many tributes that have been received by his family show how widely he was known and liked.

Alec had guided the Company through its renaissance from what was seen by some as a spent force to a re-invigorated and viable entity. Liquidation was no longer on the agenda. The policy now was to expand and grow.

To take Alec's place in the Perth office his son, Michael, immediately took over the managerial responsibilities. Michael Gregg had been with Richard Noble & Co since 1954 and had a good working knowledge of Gold Estates' affairs. He had also taken over management of the Perth office when his father had been in Europe and America in 1959 and 'handled things to the entire satisfaction of the Board'.¹⁷⁰

When the accounts for the year were presented in November 1964, the after tax profit was £5,112. The dividend was increased to 7½ d per share. Freehold land is shown at £25,982. With Perth expanding at the time it was to prove a very easy ride for the new General Manager for a couple of years when the stock providing the profit had a minimal book value and only the expenses had to be absorbed. The future rested on buying replacement land which, however, was not easy.

During the year Donald W Milne had visited Perth which meant that in the last few years three of the four Directors had personally inspected the Company's investments in Western Australia. In the course of Milne's visit Michael Gregg was formally appointed Gold Estates of Australia (1903) Ltd's

170 GEA (1903) Ltd, AGM, Chairman's Statement, 19 November 1963

General Manager in Perth. Milne returned to London full of confidence in the present and future prospects of the Company and optimistically summarised the position held by himself and his fellow Directors. As was reported in the Chairman's Statement:

Our prosperity is of course dependent upon two factors:

- 1 The progress of Australia as a whole and Western Australia in particular, and
- 2 Our ability to acquire at reasonable prices land suitable for development and resale for profit.

The Chairman concluded by saying it was appropriate to wish Michael Gregg every success as the Company's new Manager in Perth.

ON THE MOVE

1965-1968

THE DIRECTORS OF GOLD ESTATES WERE EVER CONSCIOUS THAT THE success of the Company relied on the health of the Australian, and in particular, the West Australian economy – an economy fuelled by a growing population. On this basis the 1960s were to prove a very healthy time for all concerned. As Geoffrey Bolton writes of Western Australia's growth:

Young people from the Eastern States and newcomers from overseas ... poured into the land of promise that was Western Australia in the 1960s ... It had taken more than a century – from 1829 to 1946 – for Western Australia's population to increase to half a million; it took less than a quarter of a century to pass the million mark, in 1970.¹⁷¹

The reason for this influx was largely due to the mining boom with the first iron ore export cargo sailing to Japan in 1966. In the same year nickel ore was discovered in Kambalda.

The Chairman had noted in his Statement for 1965 that there were factors clouding the Australian economy. These included the continuing drain on the country's overseas reserves caused by high imports required to continue the country's expansion. Another factor was the restrictions imposed by the Governments of the United Kingdom and America on investments abroad. Nevertheless a great future was seen for the Company in Australia.

Recent discoveries of iron ore have made the State the third largest iron ore region in the world and this, together with its other rich resources of base metals, has meant that many industrial projects are planned, such as an integrated iron and steel industry and alumina refinery. With these developments has come a great expansion of air, road and rail services

171 Bolton, Geoffrey, *Land of Vision and Mirage*, pp163-4

and of power and water supplies, all indicating that the State is really on the move.

The increasing population meant an increased demand in land sales for housing. In 1965 land had been purchased north-east of Morley – the Bennett Brook Estate. In 1966 the Trigg Estate was finally ready to put on the market. The land received an excellent reception from the public. The Estate was near a proposed golf course and open space, and was not far from either sea or city. Despite the increased costs associated with development, the realisation prices were in excess of expectations and by 1968 the plans for a shopping centre on the Estate were proceeding well. A small holding of land was also acquired south of Perth at Thomsons Lake (Jandakot) – bought on terms extending over ten years. Finding land with subdivisional potential was becoming increasingly difficult so it was important to ‘grasp every opportunity’ as it occurred’.¹⁷²

In the 1966 Directors’ Report, the Chairman again reported that Western Australia had a very bright future:

Your Company’s prospects must quite clearly be gauged by focusing attention on Western Australia where currently overseas capital is being attracted at the rate of three million to four million Australian dollars a week. This accounts for approximately 30 per cent of the Australian total.

In 1966 Australia also changed from pounds, shillings and pence to decimal currency. The change to decimal currency did not occur in the UK until 1971.

The Chairman’s Report in 1967 noted the keen demand for land continuing in the Perth metropolitan area and the realisation that prices were showing a strong upward trend. Much of this was due to inflationary trends in Western Australia caused by buoyant conditions and full employment. He also noted that Western Australia’s vast mineral wealth was becoming more apparent each day. One substantial mining company operating in the north had contracted to sell over \$850 million worth of iron ore to Japanese interests over the next twenty years which represented ‘the biggest single mining deal ever made’. Nickel deposits being developed at Kambalda had proved to be of world significance. On the agricultural scene, along with a strong wheat market, over

172 GEA (1903) Ltd, Directors’ Report, 1966

a million acres of new land was being opened up for cultivation each year. All this activity was creating a keen demand for labour and necessitated a step up in the migrant intake with the result that Western Australia was enjoying the highest population growth in Australia.

Change too came for the Indigenous population with the end of constitutional discrimination when in 1967 Aborigines were finally given the vote. In 1968 all citizens claimed their constitutional rights in the capital cities by demonstrating against the Vietnam war.

In London a new Company Secretary had been appointed in 1965 – Maurice Lawrance – a partner in Milne, Gregg and Turnbull. Lawrance replaced J R (Jock) Turnbull, now over eighty years of age though Turnbull remained on the Gold Estates Board. In May 1968 Michael Gregg was invited to visit London to discuss the future policy and activity of the Company in Western Australia. As the Board had intended to appoint Gregg a Director of the Company the opportunity to make the appointment official was taken on 17 June 1968.

As Michael Gregg recalls:

Early in 1968 the Board of Gold Estates invited me and my wife, Ann, to London to discuss the future of the Company. We arrived early in June and were met at Heathrow by Vernon Gregg (no relation of the Perth Gregg family) and Donald Milne replete with bowler hats and furled umbrellas. A number of Board meetings were held attended by the Chairman, Douglas Milne, and Messrs Vernon Gregg, Donald Milne, Jock Turnbull and myself. It was agreed the Company should expand its activities in Australia and I was appointed a Director and accepted an offer to acquire shares in the Company. The London Directors and their families were charming hosts during our stay in London and friendships were made which still exist today. There was general agreement that Western Australia faced an exciting future and Gold Estates should share in this.

Since 1965 a dividend of nine pence per share had been achieved each year and in 1968 it was the intention to substantially increase the dividend payable. However, all companies in England had been asked to restrict dividend increases to 3½% which in the case of Gold Estates would have meant a dividend of 9.315 pence. Treasury permission was obtained to increase the dividend to 9.5 pence. Profit after tax had risen from £10,265 (1965) to £18,418 (1968).

Mainly through the good offices of Vernon Gregg the Directors agreed to sell some of their shares to Michael Gregg. The shares were seldom traded on the London Stock Exchange and when traded many were being bought by one of the City of London jobbers, Clifford Coleman, for his own portfolio. The end result was that Gregg was able to increase his shareholding in the Company to a meaningful figure which gave him a further incentive to initiate expansion and development.

1968 was to be the last year of the very happy association with the shareholders of Gold Estates at the time, for on 29 January 1969 Donald Milne telephoned from London advising that Alan Bond had called to see him and Vernon Gregg that morning. Bond had put forward a tentative proposal of interest in acquiring a 51% interest in Gold Estates at a price of £3 per share. As Michael Gregg recalls:

He was given a schedule of properties but no encouragement that the Directors were sellers. Donald Milne advised that he was not keen and that the Company had been in his family's control for over sixty years. Bond was also told that I had control of management and would have to be completely satisfied with the price. Vernon Gregg was of the view that everybody had their price when it comes to selling. Bond did not appear to be fully informed about the Company and was told to see me on his return to Perth.

The conversation with London was completed when one of the Directors stated, referring to Bond, that he didn't like 'the cut of his jib' and that he too would be a most reluctant seller. Some two or three weeks later Bond had still not contacted Michael Gregg. Then, after a conversation Michael Gregg had with Vernon Gregg, it was agreed that Michael should try and muster an offer for all the shares as it appeared that things were unlikely to be the same again with some of the older shareholders quite happy to sell and take cash for Gold Estates paper. Bond had also been told that an offer for a controlling interest in the Company would not be considered under any circumstances.¹⁷³ The offer would have to be for all the shares.

173 Gregg , Michael

TAKEOVER

24 NOVEMBER 1969

THERE WAS NO FORMAL CONTACT BETWEEN GOLD ESTATES AND ALAN Bond after his return to Australia. However, early in February a friend of Michael Gregg's reported that he had met Bond in St George's Terrace. During the conversation that ensued Bond mentioned that he was taking over Gold Estates of Australia (1903) Ltd and it was just a matter of working out a few details with Michael Gregg.

In London Vernon Gregg and Donald Milne had discussed the subject of a takeover and agreed that if they were to sell they would far prefer to arrange a sale, at a fair price, to the Gregg family in Perth. With their approval Michael Gregg contacted Ken Russell, General Manager of the Adelaide Steamship Company, and asked him if he would be interested in such a proposition, with Adsteam taking a controlling interest and providing the finance. Gregg had been involved in the takeover of a property company by Adelaide Steamship Company some two or three years previously and knew that Russell was interested in acquiring further properties. (Some years later Gregg was invited to join the Adsteam Board.) Russell responded that his company would certainly be interested and would treat the matter in the strictest confidence.

As a result of a valuation of the land held by Gold Estates carried out by P C Kerr and Associates on behalf of Gold Estates, Vernon Gregg responded that the lowest figure under consideration was £3 10s 0d a share. This reflected a net asset value of £720,000 after providing for taxation. A summary of the valuation (A\$) was as follows:

	Valuation
Castle Hill, Bicton	
<i>11 subdivided residential lots</i>	\$93,000
Bentley	
<i>Lots 24 and 25 Chapman Road (area approximately 5 acres)</i>	\$30,000

Kenwick 1		
<i>Lots 81/84 Yale Road (area approximately 38 acres)</i>		\$45,000
Kenwick 2		
<i>Lot 157 Waterfall Road (area approximately 12.5 acres)</i>		\$34,000
Jandakot		
<i>A.A. Lot 185 South Street (area approximately 116 acres)</i>		\$920,000
Maniana		
<i>Part Canning Location 320, Welshpool Road (area approximately 18 acres)</i>		\$45,000
Menzies		
<i>5 residential lots, not inspected, believe nominal value only</i>		\$100
Morley Park 1		
<i>Lots 1106/8 Collier Road (area approximately 14 acres)</i>		\$160,000
Morley Park 2		
<i>Lot 115 The Strand (area approximately 1 acre)</i>		\$12,000
Streatley Park		
<i>3 subdivided residential lots</i>		\$16,000
Trigg		
<i>33 subdivided residential lots</i>	\$240,000	
<i>Balance of 89 potential residential lots</i>	\$490,000	
<i>Shopping centre site</i>	\$ 43,000	
		\$773,000
Karrinyup		
<i>11 acre parcel near Karrinyup Golf Club</i>		\$115,000
Perth		
<i>993 Wellington Street</i>		\$25,000
Sorrento		
<i>Residential Lot 33 Hawkins Avenue</i>		\$7,000
Whatley Park, North		
<i>17 subdivided residential lots and 2 parcels of unsubdivided land containing approximately 10.5 acres</i>		\$113,000
Whatley Park, South		
<i>25 subdivided lots, some zoned industrial and 3 parcels of unsubdivided land containing approximately 7 acres</i>		\$162,000
Bennett Brook, Beechboro		
<i>Lots 14/23 and 103 Benara Road (area approximately 56 acres)</i>		\$195,000
Bayswater 2		
<i>Lot 975 Broadway (area approximately 11.5 acres)</i>		\$90,000

Cockburn Sound 1	
Lots 1 to 4 near Yangebup Road (area approximately 89 acres)	\$165,000
Cockburn Sound 2	
<i>Lot 231 Beenyup Road (area approximately 61 acres)</i>	\$55,000
TOTAL	\$3,055,100

The negotiations then moved forward at some speed and it was agreed the offeror company would be called Perth Suburban Estates Pty Ltd, with the paid capital to be as follows:

- Ordinary shares to be held by the Gregg family – 40,000 shares fully paid to \$1.00
- Ordinary shares to be held by the Adelaide Steamship Company – 60,000 shares fully paid to \$1.00 making a total of \$100,000.

The balance of the capital to fund the takeover was to be provided by the Adelaide Steamship Company in the form of 1,410,000 8% redeemable cumulative preference shares fully paid to \$1.00 each. The total capital was therefore to be \$1,510,000 with the preference shares perhaps requiring some minor adjustment to ensure that sufficient capital was available for the takeover at £3 10s 0d per share. Legal advice to Perth Suburban Estates Pty Ltd was to be entrusted to Quentin Stow, a highly regarded lawyer in Perth and a partner in Parker and Parker.

On 6 May 1969, Perth Suburban Estates advised the Directors of Gold Estates of Australia in London that the company intended to bid for the whole of the issued capital of Gold Estates of Australia (1903) Ltd, namely 200,000 shares of sixpence sterling fully paid. The offer was to be made at £3 10s per share sterling cash for each of the shares subject to normal conditions including no dividend being declared by the Company in the meantime, nor amendment being made to its Articles of Association.

The Reserve Bank of Australia had approved the transaction though there was a possible complication with transferring the domicile of Gold Estates to Australia in order that it became subject only to Australian taxation law as all shareholders resided in Australia.

With everything in place Michael Gregg together with his wife Ann – who was to offer great support – left for London arriving there on Friday, 13 June

1969. Slaughter and May, Solicitors, London, were to act on behalf of Adsteam. Through Len Hancock (Assistant General Manager of Adsteam) the Bank of New South Wales London office was authorised to provide the payment to Gold Estates shareholders upon acceptance of the offer.

The London Directors had decided to appoint London and Yorkshire Trust Limited Merchant Bankers to advise on the takeover. Adsteam, however, felt it was unnecessary for Perth Suburban Estates to appoint a merchant bank and thus incur financial fees for what appeared to be a fairly straightforward transaction. A bid was announced in the press on 15 June and the formal offer forwarded to shareholders on 27 June 1969.

The offered price was £3 10s 0d per share compared with the mid-market quotation of £1 17s 6d on the last day before the offer was announced. This would indicate that security had been maintained by all concerned up to the date of the announcement.

A summary of the offer is contained in the Directors' letter to shareholders:

... Your Company's principal asset is its stock of freehold land and house property in Western Australia, which was shown in the last audited Balance Sheet, as at 30th April 1968, at a cost of £114,234. The net asset value of the Company as shown by that balance sheet was approximately £78,000. Your Directors have had the stock of freehold land and house property at 21st March, 1969, professionally valued by Messrs. P.C. Kerr & Associates, Real Estate Agents, Auctioneers and Sworn Valuers of W.A.Trustee Buildings, 135 St. George's Terrace, Perth, Western Australia, who have stated that in their opinion its fair market value as at that date was £1,428,000. Taking into account this valuation (but after allowing for corporation tax at 45 per cent on the surplus over cost) and the net profit (after taxation) of your Company for the year ended 30th April 1969, mentioned below, the estimated net asset value of your Company as at 30th April 1969, was approximately £720,000. Against this figure there must, of course, be taken into account the lapse of time that would be involved in realising the properties, and the costs of realisation.

The net profit of your Company for the year ended 30th April 1969, as shown by the draft unaudited accounts, is approximately £65,600 before taxation and £36,000 after taxation.

Your Directors, who have been advised by London and Yorkshire Trust Limited, are of the opinion that the offer is fair and reasonable

and they strongly recommend all shareholders to accept. Your Directors, members of their families and certain other shareholders have agreed to accept the offer in respect of their shareholdings which together amount to more than 56 per cent. of the issued capital. In view of his interest in Perth Suburban Estates Pty. Ltd., which is disclosed in the formal offer document, Mr Michael S. Gregg who owns 16,200 shares in your Company, took no part in your Board's decisions to recommend the offer.

I am authorised by London Yorkshire Trust Limited to state they have received satisfactory assurances that the necessary funds will be available for full implementation of the offer.

Messrs P.C. Kerr & Associates have given and not withdrawn their written consent to the issue of this letter with reference to their valuation in the form and context in which is included.

Your attention is drawn to the information set out in Appendix 1 to the formal offer document, which has been provided by your Directors.

Yours faithfully,

DOUGLAS D. MILNE
Chairman

The offer had been made conditional on the Directors and their families accepting it, and in retrospect there would not have been an offer had this not been agreed, but it was to prove an embarrassment as events unfolded.

GOLD ESTATES OF AUSTRALIA

Gold Estates of Australia (1903), a British owned company, has received a \$700,000 bid from a Western Australian concern which is offering 70s for each of the 200,000 6d shares.

The shares were last dealt in on the London Exchange at about 32s 9d earlier this month. The directors and their associates, owning over 50 per cent of the capital, have agreed to accept.

After an unsuccessful spell in gold prospecting the company went into land dealing, concentrating in the Perth area where it now holds valuable stocks. The bid stems from the boom conditions in Western Australia. The company is being advised by the London and Yorkshire Trust. A spokesman said that profit for the year ended April 30, 1969 would be about doubled.

The Financial Times, 16 June 1969

Adelaide Steam were relaxed because they now had a commitment to control over 56% of the shares and so it came as a surprise when on 30 June Ken Drummond, Manager and Director of City & Gracechurch Investment Trust, phoned and arranged an appointment to discuss another offer.

As a result it evolved that his company was prepared to offer £4 10s 0d per share for 100% control of Gold Estates and therefore the Directors were required to consider this proposed offer. Not only did it place the Directors in a difficult position having accepted £3 10s 0d in respect of their own holdings, but it also placed Michael Gregg in an even more difficult position because he would be a beneficiary of the higher offer through his shareholding in Perth Suburban Estates. Adsteam had advised that they intended to hold the Directors and their families to the acceptance of £3 10s 0d per share. After discussing the matter with his wife, Michael agreed that the Gregg family should withdraw from Perth Suburban Estates subject to Adsteam increasing their offer to the shareholders who had accepted the previous offer at £3 10s 0d per share.

As so often happens, what appeared to be a straightforward transaction became quite messy, but as is always the case, a solution was found – though after drawn out negotiations.

On 16 July 1969 Gold Estates advised shareholders as follows:

To the Shareholders

Dear Sir (or Madam),

As a result of the announcement by City and Gracechurch Investment Trust Limited (“City & Gracechurch”) of its intention to make a higher offer for the issued share capital of your Company (“Gold Estates”) following the offer dated 27th June, 1969, by Perth Suburban Estates Pty. Ltd (“Perth Suburban”) negotiations have taken place between The Adelaide Steamship Company Limited (“Adelaide”), Perth Suburban, City & Gracechurch and your Board of Directors. An agreement has now been reached which may be summarized as follows:-

1. City & Gracechurch are offering to acquire the whole of the issued share capital of Gold Estates at a price of £5 per share with an alternative (subject to increase of capital and quotation) of five Ordinary Shares of 5s. each and six Convertible Ordinary Shares of 5s. each of City & Gracechurch.
2. The 56 per cent of the share capital of Gold Estates, which the Directors, their families and associates had committed to Perth Suburban at £3 10s. 0d. per share as preliminary to the latter making its offer, is now being acquired by Perth Suburban at the price of £4 per share.
3. In consideration of Adelaide agreeing to such increased price Mr. Michael S. Gregg has relinquished his right to participate in the share capital of Perth Suburban.
4. Perth Suburban is accepting the City & Gracechurch cash offer in respect of the shares so acquired.
5. Perth Suburban is releasing all acceptors of its offer (other than the holders of the 56 per cent referred to in paragraph 2 above) to enable them to accept the City & Gracechurch offer.
6. City & Gracechurch will post its formal offer to the shareholders of Gold Estates not later than 10th August, 1969.

Shareholders who wish to be released from their acceptance of Perth Suburban's offer under paragraph 5 above should apply to L & Y (Registrars) Limited, 63, Brook Street, London W1Y 2AT, for return of their Forms of Transfer and Share Certificates.

Yours faithfully,

DOUGLAS D. MILNE
Chairman

The following is an extract from the original Takeover document (27 June 1969).

1. PROFITS

The profits of Gold Estates, based on the published accounts for each of the five years to 30 April 1968, were:

Year to 30 April	Profits before taxation £	Profits after taxation £
1964	8,669	5,188
1965	17,584	10,311
1966	17,645	10,384
1967	18,677	10,957
1968	28,029	18,418

2. DIVIDENDS

The dividends paid by Gold Estates in respect of each of the five years to 30 April 1968, were:

Year to 30 April	Per Share
1964	7½d
1965	9d
1966	9d
1967	9d
1968	9½d

3. NET ASSETS

The net tangible assets of Gold Estates, based on the published balance sheet at 30 April 1968, were:

CURRENT ASSETS	£
Freehold land and house property at cost	114,234
Other Current Assets	29,915
	<hr/>
	144,149
Current Liabilities	43,043
	<hr/>
	101,106
Mortgages	23,309
	<hr/>
	77,797
Fixed Assets	42
	<hr/>
	77,939

Since 30 April 1968, there have been no material changes in the financial position of Gold Estates except in the ordinary course of trading, nor have there been any material changes in its prospects other than those reflected in the valuation mentioned (see beginning of this chapter).

4. MARKET QUOTATIONS

The quotations on The Stock Exchange, London, of the Shares of Gold Estates on 13 June 1969 (the last dealing day preceding the announcement of the Offer), on the first day of dealing in each of the six months preceding the announcement and on 25 June 1969 (the latest practicable date prior to the printing of this document) as shown by The Stock Exchange Daily Office List, were:

2 Jan	3 Feb	3 March	1 April	1 May	2 June	13 June	25 June
18s.9d	18s.9d	15s.0d	17s.6d	27s.6d	27s.6d	32s.6d	57s.6d
to	to	to	to	to	to	to	to
28s.9d	28s.9d	25s.0d	27s.6d	37s.6d	37s.6d	42s.6d	67s.6d

5. DIRECTORS' INTERESTS

The number of Shares in Gold Estates beneficially owned by the Directors is as follows:

Major Douglas D Milne	4,843
J R Turnbull	8,000
Vernon S Gregg	12,677
D Williamson-Milne	28,040
Michael S Gregg	16,200

None of these Shares was acquired during the last six months. The Directors do not hold any Shares in Gold Estates as trustees. Except for the interest of Mr Michael S Gregg mentioned on Page 3, no Director of Gold Estates has any interest in Perth or in any contract entered into by Perth. There is no other agreement or arrangement made between any Director of Gold Estates and any other person in connection with or conditional upon the outcome of the Offer. Gold Estates has no interest in Perth.

By a letter dated 8 July 1964, Gold Estates appointed Mr Michael S Gregg its General Manager in Perth for 5 years from 1 June 1964, and this appointment was on 17 June 1968, extended by Board Resolution for a further 5 years. From 1 June 1969, payments due to Mr M S Gregg, including payment for special accountancy services rendered by Mr Gregg's firm in Perth, amount to £1,600 per annum, plus commissions at varying rates in respect of sales and management services, which have averaged approximately £5,250 per annum during the 5 years ended 30 April 1969.

6. GENERAL

The Directors of Gold Estates have confirmed that they have carefully considered all statements of fact and opinion relating to Gold Estates and accept, individually and collectively, responsibility therefore and consider that no material factors or consideration have been omitted.

City & Gracechurch had won the day after paying a very generous price for Gold Estates though the Directors and their advisers were puzzled by the premium paid. The general thought was that City & Gracechurch knew something that the Directors did not. Perhaps it was to solve a large tax liability which became payable when the land was realised.

AGREED £1M. BID FOR GOLD ESTATES

City and Gracechurch Investment Trust has made a £1m. agreed offer for Gold Estates of Australia (1903) and has achieved this agreement in rather an unusual way. Last month, Gold Estates received a £700,000 offer from Perth Suburban Estates and its Board agreed to this in respect of its own holdings of 56 per cent.

Perth has now accepted the Gracechurch bid in respect of

this amount, but is allowing other holders who accepted the original Perth offer to accept the new offer direct instead.

City and Gracechurch is offering five Ordinary shares and six Convertible Ordinary shares for every 6d share in Gold Estates, with a cash alternative of £5.

The formal document will be sent out as soon as possible.

The Financial Times, 12 July 1969

The result of the takeover as far as shareholders were concerned may be summarised as follows:

1. 56% of the shareholders received a price of £4 per share for their shareholding.
2. 44% of the shareholders received a price of £5 per share for their holding.

City & Gracechurch had paid a premium of £280,000 above net asset value for the Company. This was going to prove to be a substantial burden initially for a comparatively small company. Adelaide Steam's profit on a 56% interest or 116,000 shares at £5 less cost of £4 per share was £116,000 for on-selling the shares.

Michael Gregg's decision to withdraw from Perth Suburban resulted in the Directors and their families receiving an increased offer for 116,000 shares of 10 shillings per share. On the evening before Michael Gregg returned to Perth the other Directors and their families had met and decided to make a very generous gift to him in appreciation of his withdrawal from Perth Suburban. Gregg responded that his decision was made because he did not wish to benefit at the expense of his friends in the Company.

As Gregg subsequently recorded:

The moral of the story for vendor shareholders in a takeover is: never accept the first offer you receive without very careful consideration. If the offer appears too good to be true – it may or may not be. At the other end it is important for the bidder to be careful in the heat of the battle not to pay too much for the target company.

CITY & GRACECHURCH INVESTMENT TRUST LTD

1969-1970

ON 11 JULY 1969, WHILE MICHAEL GREGG WAS STILL IN LONDON, HE WAS advised by Ken Drummond, Manager and Director of the City & Gracechurch Investment Trust Ltd, that control had now passed to his company (City & Gracechurch) and all land sales were to cease forthwith unless agreed to by him in writing. Drummond also advised that he would be visiting Perth in view of the possible future relationship of Gold Estates with his other interests in Australia. He also requested that he be informed of any urgent problems that might arise during the interim period before his visit.

MORE HASTE, LESS MONEY

The outcome of a three-cornered tussle for possession of Gold Estates of Australia (1903) seems to underline heavily the maxim that one should never be in a hurry to accept the first bid. I calculate that it has cost the directors and their families a total of £168,000.

They held 56 p.c. of the 200,000 Ordinary shares. About

mid-June they announced that they had accepted an offer of 70s a share from Perth Suburban Estates Property. Then City and Gracechurch Investment Trust offered 90s a share, but the Board's acceptance of Perth's bid was presumably irrevocable, because City and Gracechurch has now offered 100s a share to Perth for that 56 p.c.

Daily Telegraph, 12 July 1969

Michael Gregg returned to Perth in mid-July and acted as caretaker Manager for Gold Estates of Australia (1903) Ltd until Drummond's arrival in early October 1969. The plans for the Company were eagerly awaited, as the mystery of the large premium paid for the shares still remained unanswered. As Gregg recalls:

At my first meeting in Perth with Ken Drummond he advised that I was not part of any plans for the future development of the Company and he had decided to dispense with my services as from 1 October 1969, and advised

that the amount of compensation in connection with the cancellation of my service agreement was under consideration. This came as rather a shock and I immediately went off to see my good friend Peter Atkins at Parker and Parker to decide what was to be done. He advised me to stay calm and drafted the following letter in response to the termination of my services:

Dear Mr Drummond

I acknowledge receipt of your confidential letter of the 10 October 1969 in which you confirm having informed me that my services have been terminated. When you told me of your company's intentions I was disappointed especially as I have recently been reappointed in circumstances which indicated that the Company was entirely satisfied with the services I have rendered. I am pleased to read that the question of compensation is under consideration as you will be aware I will suffer considerable financial loss over the unexpired portion of my service agreement. In due course no doubt you will wish to make an assessment and discuss it with me.

When Drummond arrived in Perth a number of conversations and meetings were held between himself and Gregg as Drummond now seemed to be concerned about the price he had paid for the Company. Gregg advised him that in his opinion Drummond had three options: First, to sell the Company's land and take the loss. The result of doing so would be to have funds available for investing in Australian Securities. This had been Drummond's original intention as investments in Australia for an English company were subject to what was known as the 'dollar premium', that is you bought Australian dollars through the Bank of England but lost 25% of the proceeds to the Bank.¹⁷⁴

His second option was to trade out of the situation which would take time and probably require more capital. Thirdly, he could find a partner and perhaps inject more capital. In the meantime he would have Gregg's co-operation.

Drummond introduced Gregg to Malcolm Farrant who was acting as the representative for City & Gracechurch Ltd in Perth and was to supervise the affairs of Gold Estates, now a subsidiary of City & Gracechurch Ltd, until further notice. Farrant was to be directly responsible to, and receive his instructions from, the London Board. His office, at 220 St George's Terrace, 9th Floor, was the office of Spry Walker whose senior partner, Charles Hugall, was well

¹⁷⁴ See John Davenport: *Recollections*

respected in the city. Malcolm Farrant remained City & Gracechurch's representative until 1981 when he tendered his resignation.

Ken Drummond departed for Sydney and on 21 October 1969 advised that he was returning to Perth to spend more time, rather than go to the United States as he had originally planned. On his return at the end of October he arranged a number of meetings with Farrant, Hugall and Gregg to discuss the best way of dealing with Gold Estates as it was the largest single asset in City & Gracechurch. Gold Estates needed to be profitable to allow City & Gracechurch, a quoted stock on the London Stock Exchange, to continue what had been a very good performance over the years since its listing on the London Stock Exchange.

The compensation question was settled on 8 November 1969 and Michael Gregg and Ken Drummond parted amicably. Drummond later wrote to Gregg regarding their agreement:

I would like to end on a personal note to say that I am delighted to see your letter and have had the opportunity at the last meeting with you on Saturday evening 8 November to arrange some form of continuing the relationship between Gold Estates and yourself. I am sure that by now you will have appreciated the reasons for my Board's decision to make a change in management.

Gregg admits 'I have thought about the last sentence and I am still not really any the wiser after 40 years.'

Following his return to London at the beginning of November nothing more was heard of Drummond until January when advice was received that he had resigned as Manager and Director of City & Gracechurch. Drummond was obviously an efficient administrator and excellent portfolio manager but as Michael Gregg remembers 'I don't think property was his forte'. John Davenport was appointed in his stead. Of the new arrangement Gregg recalls:

It was the beginning of a wonderful association and in June 1970 I went to London and met the General Investor's Directors as they were by far the largest shareholders in City & Gracechurch. The Chairman of the group was Roger Wethered, a charming man who was well known in the City. His statement as Chairman of the Company at the Eighth Annual General Meeting held on 29 October 1970 in London follows and I think it sums up the position very well.

CITY & GRACECHURCH INVESTMENT TRUST LIMITED

The Eighth Annual General meeting of City & Investment Trust Limited was held on October 29, in London. The following is the Statement by the Chairman, Mr R H WETHERED, which has been circulated:-

The year to June 1970, has been an eventful one for the Company. In August, 1969, a successful bid was made for the capital of Gold Estates of Australia (1903) Limited and in December an offer was made for the capital of Tebrau Rubber Estates Limited, this company having disposed of its plantations and converted its assets into cash.

At the end of January, 1970, Mr Drummond who had been a Director and the Manager of the parent company since its incorporation resigned from both positions. We appointed Mr J M Davenport in his place as Manager, Mr Davenport having been the Assistant Manager since the Company was incorporated.

The Accounts

The figures in the Accounts are not comparable with last year, when there were only two investment dealing companies as active subsidiaries.

The Consolidated Balance Sheet shows the effect of the acquisition of Gold Estates in the appearance of new items for Freehold Properties and Freehold Land for trading, both of which are entered at valuations made in December last year. I would draw your attention to Note 5 of the Accounts regarding the Deferred Taxation. Turning to the Consolidated Revenue Account, you will see that our investment income has increased by £11,000. The dealing profits this year are exceptional, and it should not be assumed that this level can be maintained. Once again the Dollar loan interest has increased; we hope that the downward trend in interest rates will assist us this year. Most of the charge for other interest of £30,000 represents the cost of financing the acquisition of Gold Estates, an expense which will not be repeated.

The properties of Gold Estates are deemed to have been acquired by the parent company at the total of the valuation referred to above, although their cost to the subsidiary is far below this figure. Because of this, revenue distributable to City & Gracechurch's shareholders will not arise from property sales until these sales are made in excess of the valuation for each property and then only after covering the running expenses of Gold Estates.

Tebrau Rubber Estates Ltd

Turning to the affairs of our new subsidiaries, Tebrau has continued to tidy up its affairs following its cessation of trade as a rubber plantation. We hope shortly to put this company into liquidation so that the value of the Certificates of Entitlement issued as part of the consideration of our offer may be determined and the Certificates paid off.

It is difficult as yet to give a date for these payments, as the various taxation problems always take longer to finalise than expected. We hope to have more certain information by the time we issue our interim statement for the six months ending December 31, 1970. Meanwhile, the acquisition of Tebrau has enabled City & Gracechurch to discharge all its indebtedness incurred by the purchase of Gold Estates. We are grateful to the Company's Secretaries, Messrs. Ballie and Gifford, W.S., for their help and guidance since we obtained control.

Gold Estates of Australia (1903) Ltd

Gold Estates has had a difficult year, and the transitional period referred to in the Interim Report is likely to be prolonged. Australia has been subjected to a very severe credit squeeze, which has borne hard on the building industry and has restricted the funds available for house purchase. In addition, the price of housing plots has become a political issue in Western Australia. The State Government has taken steps to quell speculation in building land by making plots available through the Rural and Industries Bank, to genuine house purchasers at prices lower than those demanded by private owners. This has depressed the prices of all plots and, when the credit squeeze is also taken into account, Gold Estates has found selling land a difficult task. Inevitably there had to be a period of reconsideration of the programme of land sales, which has led to the loss since the control of the Company was acquired. The cost of rates and taxes on undeveloped land is high, and this becomes increasingly burdensome when outside circumstances restrict the sales of property.

Unless sales of land in Western Australia can be made at a profit, a temporary reduction in the present rate of dividend of City & Gracechurch may become a possibility. We expect, however, to be able to administer Gold Estates' properties at no cost to City & Gracechurch in future and gradually dispose of them profitably over a 10 year period.

Detailed plans to this end have been worked out in consultation with our Australian management and Mr Davenport will be visiting Perth himself in a few weeks time to report on their operation.

On the brighter side, we have confidence in the ability of our Australian Management to get Gold Estates moving forward again, and there have been signs recently of more interest in the plots on our Triggs Estate, which is a main source of revenue over the next year or so. Our shopping centre, which appears in the Balance Sheet as a fixed asset, was built on the Triggs Estate and will be a good source of revenue. Our plans at the moment do not include property development on any large scale, but small developments of this kind may be undertaken where we consider the reward sufficiently great.

Conclusion

To sum up, despite the temporary lack of revenue from Gold Estates, your Directors remain firmly of the opinion that the advantages gained through the acquisition of this Company at a time when restrictions on investing in Australia are in force has provided City & Gracechurch with an outlet for its funds that will eventually prove of benefit to it as an Investment Trust Company primarily interested in growth overseas.

The Chairman's forecast was fulfilled although progress was initially very slow.

RECOLLECTIONS

JOHN DAVENPORT

I HAVE BEEN ASKED TO GIVE SOME BACKGROUND TO THE EVENTS IN London in 1969 and 1970. At a distance of forty years and without access to official records, lapses of memory are hopefully forgivable.

General Investors and Trustees (GIT) was founded in 1906. My grandfather was the first Secretary, and later became Director and Manager. He was succeeded by my father, who spent the War as a Temporary Civil Servant in the Minister of Supply while managing GIT part-time.

By 1945 there were two more Investment Trusts under management: Cardinal, and London and Westminster, and two small share dealing companies. Around 1948 Ken Drummond joined as a book-keeper. His abilities were recognised; he was encouraged to qualify as a Chartered Secretary, and was then appointed Assistant Manager. I joined in May 1958, when I had qualified as a Chartered Accountant, as Assistant to the Manager.

My father was taken ill in May 1960 and never returned to his desk. He died in May 1961 aged 55.

To fill the gap we both moved up one place. The Boards, not surprisingly, were cautious for a while about the situation, but after a couple of years any restrictions were removed. In about 1965 Ken proposed the formation of a new Investment Trust which would be more growth orientated than the older Trusts. Thus was born City & Gracechurch (CAG), which acquired the two small dealing companies. Inevitably GIT had a large holding, and shares were held by clients of Grenfells (our Brokers) and some friendly institutions.

At this stage it is necessary to try to explain the situation regarding the purchase of overseas investments by UK institutions. During the War all Dollar securities had been appropriated by the Treasury to help pay for purchases from the US. After 1945 it was only possible to invest in North America by way of the Dollar Premium Pool of limited size, where the Premium could fluctuate wildly as against the exchange rate. Over the years the area covered was

increased to include, for example, Australia. There were other changes such as the surrender of 25% of sale proceeds in Sterling to the Bank of England at the official rate of exchange.

This was a considerable bonus to building a well spread portfolio. Ken had the idea that a way round this was to find a UK registered company which had all its assets overseas in the Dollar Premium area. When the shares had been acquired the assets would be sold and the cash available for the Premium-free investment. I spent a long time searching and eventually Gold Estates was found to fit requirements. Oddly, there were a couple of small holdings in the office.

For reasons I do not know, we approached this possibility through a small family firm of Brokers called John Hope. From this came Malcolm Farrant who did at least know Perth. This took us into 1969. By then CAG had become quoted on the London Stock Exchange and we were both Directors of all four Investment Trusts. I assume that a lot of background work on the possible Gold Estates acquisition went on, but I was left with routine jobs. Certainly Alan Bond was nowhere in the plans.

It therefore came as a huge surprise when the announcement of the Perth Suburban Estates' offer was made on 15 June. I think turmoil would be a fair description of the next few days, but somehow the Boards and the Brokers managed to agree to the terms of a counter bid which was transmitted to Gold Estates' advisors on 30 June. By 16 July a deal had been agreed which valued Gold Estates at £1 million.

It was at this point that what proved to be a very troublesome decision was made. The holders of 56% of Gold Estates' shares wanted cash. The offer was therefore framed as £5 cash per share with a share alternative. By the accounting conventions of the time, this fixed that value of the acquired assets at £1 million. No distributable profits could flow from CAG unless the sale proceeds in Gold Estates exceeded the value of the land at acquisition date. This produced the 'Milner Valuation' which we had to live with.¹⁷⁵

In retrospect there should have been two warning lights. The advisers should have seen the consequences of the bid terms, and there should have been serious questioning of how little CAG could pay such a premium for assets recently valued. The timing might have had something to do with it, as it was the holiday season. I know I had one.

¹⁷⁵ A valuation commissioned by CAG which valued Gold Estates land at about the same figure as the earlier figures of P C Kerr & Associates.

It is interesting that in the acquisition document of 7 August it was said that: 'Your Manager will shortly leave for Australia to make an assessment of the future potential of Gold Estates'. No mention of sales, and a bit ingenuous when 56% of the capital was committed to the bid.

The next event was Ken Drummond's visit to Perth in October. I think by then, without actual proof, that the Trust Boards were starting to worry a bit. CAG had had to pay £560,000 in cash to Perth Suburban, plus any other shareholders who took cash. Michael Gregg described what went on in Perth. I was left minding the shop and worrying.

During this time I had lunch at one of my Brokers friend's offices, and quite by chance was offered the possible acquisition of Tebrau Rubber Estates, which was a cash shell company. It came at a full price, but the Board of CAG liked the idea and the Brokers approved it. This time it was an all-share offer.

Unfortunately, on his return from Perth, Ken Drummond did not like it. This was difficult. It was a full price, but he did not appear to have any alternative solution. So it went ahead, but may have contributed to what happened soon afterwards.

The Tebrau acquisition circular was dated 22 December. My next job was Cardinal's year-end valuation – the atmosphere in the Managers' room was a bit chilly. Roger Wethered, the Chairman, had gone to South Africa as usual. In the middle of January I was invited to lunch by Jack Wyatt Williams, the Deputy Chairman, at his flat – not the usual venue. Almost as soon as I had sat down, fortunately with a drink, Jack said: 'Ken has resigned and the Board would like you to take over'. Apparently he felt that the Board had lost confidence in him.

The next two weeks were like walking on eggshells, and after that CAG became one of many problems. Malcolm wrote a comforting letter offering sympathy and help over 'a problem a long way away about which you could know little'. He was right. The Boards had a difficult situation to deal with – it became apparent that they felt they had not been fully informed for much of the previous six months, and until Malcolm came back to London there was no-one to tell them what they owned. Fortunately CAG's year end was 30 June, which gave the greatest time to find the solution.

It became clear that the preferred exit was the sale of Gold Estates, which caused a lot of 'expert' activity, including the Knight Frank representative who was sent to Perth and went down with mumps. I was not in favour of sale

because it would destroy CAG and that seemed disastrous, but as Manager I did what I was told.

Gradually the exit ceased to be preferred – apart from the disaster aspect there did not seem to be any buyers at bearable prices. Furthermore, information from Malcolm began to make the Boards happier, and it seemed that Perth management had been stabilised after the earlier upheaval. I think Roger was worried that this might be too much for his new Manager, but he always listened to my ideas, even if not totally happy.

It eventually was decided that no sale or stay question could be settled until the Boards had been able to hear from Michael Gregg in person, with the assistance of Malcolm, the true description of what we had and a realistic view of the future.

By then I was very strongly in the ‘stay’ camp because I thought it would work out as long as the right management was in place in Perth. I remember it was a sunny afternoon in 1970 as I waited for Michael’s visit.

From then on it was all totally different. I knew that we could do it over a period, and it was the start of a wonderful relationship. Over the next nineteen years it proved to have been the right decision, and a great success.

NEW BOARD – NEW MANAGEMENT

1970-1979

GOLD ESTATES OF AUSTRALIA (1903) LTD WAS NOW A WHOLLY OWNED subsidiary of City & Gracechurch Investment Trust Ltd (CAG) whose Directors were Roger Wethered (Chairman), Jack Wyatt-Williams, Richard Mills, John Davenport (Manager), Desmond Brooke-Hitchings and Anthony Foucar – who in turn set up a Perth local Board. The local Board comprised Malcolm Farrant, Michael Gregg, Gerald Keall and Charles Hugall – with Richard Noble & Company acting as Manager for the Company's properties.

As the new Managing Director of Gold Estates, John Davenport, together with Malcolm Farrant and Michael Gregg, quickly established a very good working relationship and in doing so prepared a ten year plan for the realisation of Gold Estates' properties and the reinvestment of the funds.

The first meeting of the local Board of Gold Estates was held on the 29 October 1970 when a number of statutory matters were placed in order and general discussion took place about the future of the Company's properties. It was agreed informally that the lesser properties should be disposed of and, with this in mind, it was agreed the Maniana Estate was to be sold to the Government for approximately \$80,000. Reinvestment of funds was loosely discussed and the policy appears to have been agreed where one-third of surplus cash was to be invested in shares with listed companies, one-third in improved properties and one-third in land for short term trading. The Company would be dependent on trading profit over the next few years from the Trigg Estate comprising approximately 200 lots and a small estate adjacent to the Karrinyup Golf Club comprising thirty-seven lots. Rents from the Trigg Shopping Centre which was nearing completion would also augment funds. There would also be minor income from small interests held in various syndicates at Warwick and Bayswater, together with land still held at Kenwick.

Prices at the time were Trigg Estate averaging \$9,000 and Karrinyup \$13,000. There was also a note that the London Board would prefer funds to be invested in income producing properties. However over the next few years London gradually came around to sanctioning traditional land trading activities for Gold Estates subject to an income producing portfolio being built up at the same time.

In 1971 the General Trustees Group came under the umbrella of Foreign & Colonial Management. The companies involved were General Investors and Trustees, Cardinal Investment Trust and City & Gracechurch Investment Trust. Later on the three companies merged to become F & C Pacific Investment Trust. At the time of the merger there was discussion as to whether the merged trust would be a specialised investor in the Far East or the west coast of America. Eventually it was decided that the fund would invest in the Pacific basin.

Bearing in mind that the cost of Gold Estates' land in Gracechurch's books stood at £1 million (compared with a book value in Gold Estates' accounts of \$110,000) it was not easy to produce a satisfactory profit on the figure in CAG's books. However, towards the end of the 1970s a satisfactory profit began to emerge.

In the early 1970s much of management's time was devoted to obtaining planning approval for the Jandakot Estate (Leeming) which eventually provided well over 300 lots at a comparatively modest cost per lot. The first lots came on to the market in 1975. The budget was sixty lots per year - which Michael Gregg recalls 'I think this was met'. The profitability was satisfactory as the land cost to City & Gracechurch was \$2,200 per lot and development costs were \$4,350. The subdivided lots sold at an average of \$12,000.

The Whitlam Government was elected in 1972 and this coincided with a difficult period for the development of real estate in Australia. Among the Government's programmes for housing land was the creation of the ULC (Urban Land Council), charged with purchasing land in each State capital. Blocks were to be made available on a leasehold basis in order to reduce the cost of home sites for buyers.

The new government brought to an end Australia's military commitment in Vietnam with the final troops returning on 19 December whilst a new phase in Western Australia's history began with the opening of the Ord River dam in June.

The ULC scheme never really got off the ground and disappeared with the change of government in 1975. Some of the land sold to the ULC by Gold Estates remains undeveloped today. But Gold Estates was making good progress on a number of fronts. One of the most successful developments was a showroom/warehouse subdivision comprising twenty-six lots in Broun Avenue at Morley. Six of these lots were built on by the Company and leased. A number of joint venture land developments were also successfully carried out. These were located at Kelmscott, Jarrahdale, Morley and Warwick.

With rising land values the Company's prospects began to further improve. For instance, lots at Trigg increased in value from \$9,000 (1971) to \$14,000 (1973), and at Leeming lots valued at \$12,000 in 1975 were to rise to \$17,000 in 1981.

In 1974 Charles Court, later Sir Charles, became Premier of the State and as such was host to a series of royal visits during the State's sesqui-centenary in 1979, a year also marked by some unusual occurrences. In June an earthquake almost demolished the town of Cadoux and in July the debris from a disintegrating US space station fell to earth in the south-east of the State. 1979 also brought the closure of the Perth to Fremantle train line, a miscalculated decision not rectified until 1983.

In August 1974 Thomas A Lang of Ford, Rhodes, Foulkes & Co., Chartered Accountants, joined the Board and was later to become Chairman. The Company continued to add to its portfolio of income producing properties. The most significant purchase of land for future subdivision was 298 acres at Mindarie in 1978 for \$597,000. This was sold in 1998 for \$7.5 million.

QUESTIONS IN THE HOUSE

1980-2000

IN 1982 THE DIRECTORS AGREED TO ADD TO THE COMPANY'S LAND Bank as the conditions for growth in the suburbs improved. In May the Mt Henry Bridge spanning the Canning River was opened – an important milestone to extend the as yet incomplete Kwinana Freeway begun in 1959. The Freeway would eventually link the city of Perth to the region's industrial heartland some 38 kilometres to the south. The railway line to Mandurah was in its preliminary stage. The advent of such services meant that there was positive potential for residential subdivision.

The most important event for Gold Estates between 1980 and 2000 was the progressive purchase, for around fifteen million dollars, of land at Thomsons Lake capable of subdivision into over 3,000 building lots. The purchase was the most significant acquisition since the early days of land at Mt Lawley, Bayswater and Inglewood. During the same period rental income continued to increase rapidly with the purchase and development of commercial properties. All these improved properties were sold to help fund the building of the Regional Shopping Centre (Gateways) at Success which today (2012) has a floor area of some 35,000 square metres. After an arduous planning period the first release of land was made in 1993 at prices which ranged between \$45,000 and \$48,000 per lot. Since 1993 the progressive development of the estate has provided an outstanding record of profit and the purchase of further englobo land will ensure lot sales for a number of years to come.

The other significant event was the purchase of 190 St Georges Terrace in 1988. This comprised a modern office block with a floor area of 10,000 square metres. The property was purchased in partnership with the WA Trustee Company who planned to move their offices to the building. However, this did not take place as they were taken over by the Perpetual Trustee Company (Perpetual). The partnership agreement provided for pre-emptive rights, that

is, each party had first refusal to purchase the other's interest in the event of either party wishing to sell.

In 1996 Perpetual were to offer their half interest for sale and Gold Estates responded by advising that they intended to exercise their pre-emptive rights as per the agreement. At this point Graham Bradley, the Managing Director of Perpetual and later President of the Business Council of Australia, advised that he intended to circumvent the agreement by selling the shares in the Company holding Perpetual's half interest to a third party. The Directors of Gold Estates were most surprised and disappointed that a long established partnership amounted to so little at the end of 16 years. However, despite protests, a sale took place to the third party. Soon afterwards F & C Pacific sold their long-standing and substantial shareholding in Perpetual.

Another potential purchase with an unexpected outcome concerned a large parcel of land at Murdoch. In February 1982 the State Government offered the land for sale by public tender for which Gold Estates tendered \$4.25 million cash, which was \$750,000 above the next highest tender. In spite of this the Government accepted the lower figure. Why the State made a decision to short change funds earmarked for low cost housing remains a mystery.

It is interesting to note that the Chairman of the purchasing company was also a Patron of Premier Burke's Curtin Foundation, an organisation created to attract funds for the Labor Party from wealthy business men. It was later referred to in the press as 'WA Inc' and became synonymous with corruption. The acceptance of the lower figure was queried by a number of Perth businessmen and questions were asked in the Legislative House of Assembly.

HANSARD

Thursday 22 March 1984 pp 6540-6542

QUESTIONS WITHOUT NOTICE

HOUSING: LAND

Leeming: Sale Price

642 Mr HASSELL, to the Premier.

(1) I know that in his reply today the Premier failed to answer a question on notice about this matter, but is he aware that a recent major sale of

State Housing Commission land was effected by the Minister for Housing for approximately \$750,000 less than the highest tender offered?

(2) Is he also aware that the sale price of \$3.5 million in respect of the land at Leeming was matched by a tender price of more than \$4.25 million for the same land, and that the substantially higher tender from a reputable and responsible company involved a firm commitment for the construction of housing and the development of the land within a defined time limit?

(3) Does he regard this transaction as a satisfactory utilisation of State assets and a proper protection of the taxpayers' money?

(4) Does he recognise that the \$750,000 lost on this transaction could have provided a substantial increase in badly needed welfare housing for which the SHC has a prime responsibility?

Mr BRIAN BURKE replied:

(1) To (4) I cannot say that I am aware of the details the Leader of the Opposition alleges in relation to that particular sale. Of course, I am aware that during my absence overseas the first sale of land was concluded, and that was supervised by the consultant appointed by the Government. That sale was to help fulfil a pre-election promise, with which our policy dealt, that we would fund the additional number of welfare homes through the sale of State Housing Commission Land.

If the Leader of the Opposition is serious and sincere about his inquiry, he would have sought to have the question placed on the Notice Paper, or at least he would have given some notice, no matter how peremptory, of his intention to ask the question. Therefore I suppose the House will permit me to make one or two comments in reply to the questions raised by the Leader of the Opposition.

The first is this: Despite the long period during which the Opposition languished in Government, it made no attempt to rationalise the assets of the State Housing Commission, it made no attempt, through

the management of the land assets of the commission, to render that commission an efficient organisation.

We have set about that task and we have done so in the following context: Having regard for the need to create employment and revitalise the housing industry, we have issued instructions to the consultant that he should seek to market the land in a way that takes advantage of this State's prospects in each of those areas, not just simplistically as it would appear to me the Leader of the Opposition seeks to do, to maximise the dollar amount involved in the realisation from the sale of the land.

I am confident that the consultant we have appointed is an excellent person well qualified, as the Housing Industry Association appears to acknowledge, to do the job the Government has asked him to do.

Mr Hassell: I do not think the question is about the consultant. It was about the \$750,000.

Mr BRIAN BURKE: The question was about the sale of the land. The sale was arranged by the consultant.

Mr Hassell: But the decision was made by the Minister and that was what the question was about.

Mr BRIAN BURKE: It was made on the recommendation of the consultant.

Mr Hassell: The decision was made by the Minister.

Mr BRIAN BURKE: Let me go back one further step for the benefit of the Leader of the Opposition who does not appear to have advanced much further in the matter of reason than his predecessor.

The consultant recommended the sale. The decision was made by the Government upon the recommendation of the consultant and that was what the question was about. I am simply trying, for the benefit of the Leader of the Opposition, to indicate that we did not take into account the dollar difference.

Mr Hassell: I understand that.

Mr BRIAN BURKE: I am glad the Leader of the Opposition now understands the matter. He has shown no evidence of understanding anything like that when asking the question. In considering all of those other factors and in seeking to maximise the benefit to the State of employment considerations, revitalising the building industry, providing some multiplier effect through that very volatile sector of the economy, and operating under the Government's policy, the consultant recommended the sale of the land. If the Opposition wants to say the Government should not persist with the sales, let it be man enough to say so. If it wants to try this backdoor method of once again, as was previously tried by the member for Murdoch, denigrating the character of Mr Smith, then let it denigrate his character.

Mr MacKinnon: I have not ever tried to denigrate his character.

Mr BRIAN BURKE: If anyone is to be beguiled by this backdoor method, let me simply say the criticism of the Government implicit in the question is criticism that must go back to the consultant who made the decision. We may be at fault for accepting wrong advice, but equally, or in harness, the consultant must also have made the wrong recommendation.

All I say once again is, if the Opposition wants to criticise the policy, let it do so. If it wants to attack and denigrate Mr Smith's credibility let it do so. If it wants serious questions on detailed matters that are not within my primary area of responsibility to be answered, let it put the questions on notice.

From 1980 to 2000 the Gold Estates properties outperformed the indices on both the London and Australian Stock Exchanges. Currency exchange rates also moved favourably. Records for the period are sparse due to having been lost or displaced. Fortunately a 1986 memo prepared in Perth for the London Directors has survived. This is included as Appendix No 7 and gives an overall picture of the Company's properties acquired over these years.

At the end of 1996 Michael Gregg retired as Manager of Gold Estates while remaining on the local Board. In his stead his son, Alex Gregg, was appointed Manager. Alex had been with Richard Noble & Company since 1993. He had gained a Bachelor of Commerce Degree in Property from Curtin University and worked at Perpetual Trustees WA Ltd for eight years where he specialised in asset management for a range of institutional and private clients. He was elected President of the Urban Development Institute of Australia (WA) Council in 2009. Alex's wide experience in the property industry thus equipped him well for his position with Gold Estates.

The following chapter covers a very exciting decade in the Company's history.



Alex Gregg

GOLD ESTATES HOLDINGS PTY LTD

2001-2012

In January 2000 the Manager of F & C Pacific, Charles Brock, sent out a memo to Board members designed to provide background information for discussion on F & C Pacific's Australian portfolio at the Director's 'away day' on 17 January 2000. In the memo he recommended the rationalisation of their investments which included realising their assets in Western Australia.

THE ASSETS

Gold Estates of Australia (1903) – UK company with a Perth branch. Residential Property Development (Thomsons Lake). Book value £12.3m at 30/11/99.

Gracechurch Holdings Pty Ltd. Owns 50% of 190 St George's Terrace (office building). Book value £6.2m at 30/11/99.

Gateways Shopping Centre Pty Ltd. Owns 100% of Gateways Shopping Centre, located in the Thomsons Lake development. Book value £7.5m as at 30/11/99.

Commercial Properties West. Owns land available for commercial use, adjacent to Thomson's Lake. Book value £1.1m at 30/11/99.

As at 30/11/99 the Australian property interests had a total value of £27.2m, representing 4.5% of our net assets (CB converted). The value of each company is a factor of both the value of the underlying asset and of numerous inter-company loans (see below). In the event of a sale, we could assume that all asset values are conservative – for example, all land for development is held at cost.

Gold Estates

There is little doubt that Thomsons Lake is extremely well positioned in terms of Perth's current development in that it is a developing residential area ideally located on one of the urban development corridors. It is a twenty minute drive from the city centre; the freeway runs alongside and rail links are due in the next few years. The estate has a good reputation, enhanced by the opening of Gateways.

The local Board and Richard Noble & Company are well thought of and highly committed. Together with the history of Gold Estates, they represent a plausible 'brand' and would add value to a sale of the asset as a company rather than just a land bank. If we decide to maintain our Perth interest, I have no doubt that we have the right people in place. Lot sales will be well above budget this year and although there may be some distortion thanks to buyers pre-empting GST, this reflects the fact that the asset will be at its most attractive in the coming years. The long-term budget produced by Richard Noble suggests a rate of return of over 24% on cost over the next seven years. The historic Time Weighted Rate of Return for Gold Estates (1989-99) was 14.1% as against 12.55% for the All Ordinaries Index.

Gracechurch

190 St George's Terrace has been a disappointing investment and there appears to be little scope for improvement. Perth has suffered from over supply for a number of years and although a resources boom could help, there is unlikely to be scope for significant capital appreciation. 'A' grade vacancy is currently 12% in the Perth CBD. If we were looking for income as opposed to capital growth there would be a case for holding on to the asset as an A\$9m sale price would assume a capitalisation yield of 8% on a fully let basis. The building is currently 79% leased; earning 74% of the estimated fully let income.

The owners of the other 50% of the building, the Packer brothers, are good partners. They have put a lot of work into the refurbishment of the building and are highly committed. They have expressed an interest in buying our 50% share and it has been offered to them for A\$9m.

Gateways Shopping Centre

The opening of Gateways was a major achievement and we should not underestimate the work that was put in by the local Board and Richard Noble. Whilst the operational performance in the first year has been disappointing, the interest that we have had from potential purchasers reflects the long-term potential of this asset. These long-term arguments are the same as for Thomsons Lake. There will be a larger than expected loss this year thanks to a number of costs being taken 'up-front'. This will obviously make the asset more attractive in future years.

At the moment the 'shopping centre' is basically two supermarkets and a number of small specialist stores. There is a lot of land for future development, starting with a petrol station and fast food outlets on 'Main Street' in 2000 and the building of the next stage at a later date, including the addition of a discount department store.

The local Board has recommended that we sell 50% of the asset, if only to preserve the tax benefit from the sale of 190 St George's Terrace at a loss. They suggest that this should be done in late 2000, after the development of Main Street and before the development of the next stage. Whatever we decide to do with our Perth assets, I agree that we should sell at least a half share in Gateways. The retail industry is becoming increasingly concentrated, with the most successful locations benefiting from the bargaining power associated with being part of a national network. Despite never having indicated an intention to sell, we have been approached by four large operators directly as well as by other interested parties.

Commercial Properties West

CPW owns a small parcel of unutilised land across the freeway from Gateways. Negotiations are ongoing with a hardware store to take the bulk of the land. This interest reflects the point that the Thomsons Lake area represents an attractive asset as the estate nears maturity over the next few years.

Australian Property and the F & C Pacific Portfolio

In assessing the future role of property in our portfolio, the following questions should be considered:

Do our shareholders/investors want it?

Having presented to institutional investors a number of times, it is clear they are not excited by our Australian subsidiaries. In buying a Far Eastern Investment Trust, they are looking for exposure to equity markets, not property. Even if we could demonstrate that the holds add value, they would (generally) rather that they weren't there.

I think our retail shareholders would be of a similar view although, being more absolute return orientated, property would not necessarily put them off. It was clear from the reaction to the video at last year's AGM that it is not a significant issue for our small investors.

Do we need the income?

Previously we have regarded Australia as a source of income, indeed the previous manager told me that Gateways would pay the dividend for the next few years! Without wanting to prejudge the separate discussion on dividend policy, I would point out that, if we really believe in Australian property, we would re-invest the profits in Perth rather than take them as income in London.

It should be pointed out that sales of 190 St George's Terrace and Gateways will be regarded as capital profits or losses. Profits on the sale of Gold Estates land are revenue items, but a sale of the company would be a capital item.

Does the investment manager want it?

There is no doubt that the Australian property holdings distort the portfolio. Given our current overweight positions in Japan, Korea and Malaysia, we have very low exposure elsewhere. If we did not have the Australian subsidiaries, the money would be invested in Australian and Hong Kong equities, in order to reduce the scale of these underweight

positions. The property holdings also distort the gearing position – it could be argued that we should have an element of ‘structural’ gearing given the low beta nature of property investment. However, the CB limits our ability to gear-up, meaning that we are not as geared into equity markets as we would like to be.

The low beta nature of the investment has obviously harmed our performance this Financial Year. In the ten months to the end of November it had cost us 249bp versus the benchmark. As against that, it clearly helped relative performance during the bear market. It could of course be argued that cash would have done the same.

There is also the issue of management time. Producing consolidated accounts is an added complication. Having said that, if it is a good investment, time is not a big issue.

If we are to hold on to a non-benchmark position we have to be clear about what we are saying. Unless we are holding the position for revenue reasons, we are saying that we believe that our Australian property interests represent a better long-term investment than regional equity markets. I do not believe that I can justify that statement, no matter how attractive the assets are in the context of Perth property.

CONCLUSION

I believe that we should sell our assets in Perth in an orderly manner. We should make the local Board fully aware of our intentions – it is possible that a sale could be organised internally. The local Board should develop the actual sale strategy and could possibly be incentivised to maximise the price. We also need to ensure that our interests are safeguarded during the period and that suitable reporting lines are put in place. If the Board decided to exit these investments, it may be appropriate to ask Alan Davis to act as an advisor and to report back to the London Board on a quarterly basis either directly or through me.

The following timetable should be realistic, but the actual process should be driven from Perth:

1. Sell our 50% share in 190 St George's Terrace. Repatriate the proceeds to London. Complete by mid 2000.
2. Sell either 50% or 100% of Gateways. Only retain 50% if the local Board believes that it will enhance the sale price of Gold Estates. CPW should ideally be included in this transaction. Aim to have the process underway by end 2000. Some of the proceeds could be retained locally, if extra land bank is available to enhance the future sale price of Gold Estates (it would be best not to allow the local company to borrow as this distorts the position in London).
3. Restructure the group in a tax efficient manner. Gold Estates should be an Australian company – coupled with the local Board and Management Company this would represent a plausible 'brand'. Following this restructuring all future profits should be retained by the local company for re-investment.
4. Sell the remaining assets as one. This would be the Thomsons Lake development, a possible 50% share in Gateways (and CPW) and any additional land purchases made from retained earnings. This should be completed during 2001.

Charles Brock
3rd January 2000

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T A Lang Esq
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19th January 2000
ref.F&C/251

Dear Tom,

As you know the board of "Pacific" met on Monday to review many aspects of the future direction and management of the Trust and this included the property investments in Perth. As background to that part of the discussions Charles prepared a paper and I enclose a copy for your information. The Directors concluded that the continued long term holding of property assets in Perth was not consistent with the best interests of "Pacific's" shareholders and they wished to dispose of them in an orderly manner. I was asked, and have agreed, to act as an advisor to the Board for this matter after my retirement as Chairman of "Pacific" at then end of May 2000.

I view the decision to end the investment in property in Perth with mixed feelings but I cannot fault the logic of the decision, particularly in the light of the continuing changes needed to effectively and properly manage an investment trust and to meet the evolving expectations of shareholders. On a personal level I will be very sorry when the excellent working relationships between us, your board and Richard Noble are at an end. However, one of many things I have learnt is that nothing stays the same for long.

I plan to be in Perth for follow up meetings around the end of March or early April at times which are convenient to all parties. I will call Alex to agree the actual dates.

Sincerely,
Alan

The Board accepted the Brock report and over the next two years the entire property portfolio was sold with the exception of the Thomsons Lake Estate (sole asset of GEA). The Board agreed to offer the shares in Gold Estates of Australia (1903) Ltd at valuation to Richard Noble and Company. The offer was accepted and the transaction was settled in October 2001. The equity was provided by a number of Perth investors including the Gregg family.

The long association with the City of London had come to an end. To mark the occasion a farewell lunch was held at the Oriental Club in London (see Plate XI). The timing of the purchase by West Australians was fortuitous as Perth was on the cusp of the greatest property boom since the Gold Rush of the 1890s.

Moving the tax liability of the Company from the UK to Australia took time. Fortunately, Inland Revenue agreed to the domicile for tax purposes being transferred, and F & C Pacific London agreed to guarantee any UK tax outstanding at the date of transfer. Upon settlement the London and Australian Directors resigned.

The Board of the new company, Gold Estates Holdings Pty Ltd, comprised Peter Bird (Chairman), Michael Gregg and Gregory Wall (representing Statewide Building Society). Graham Berrey was appointed Secretary. Geoffrey Nathan was appointed a Director in November 2001. Funds were raised by:

Shares Gold Estates Holdings Pty Ltd (Incorporated June 2001)	\$15,000,000
Bank loan	\$14,000,000
	<u>\$29,000,000</u>

Application of funds

Acquisition of issued capital of GEA (comprising Thomsons Lake land and \$2.9m in cash)	\$10,463,000
Refinancing of debt	\$16,000,000
Acquisition of Lot 188 Beeliar Drive	\$ 50,000

Transaction costs

Stamp duty and UK tax exit charge	\$1,875,000	
Consultants fees	\$ 400,000	
Bank charges	<u>\$ 100,000</u>	\$2,375,000
Cash on hand		<u>\$112,000</u>
		<u>\$29,000,000</u>

The Board immediately set about the task of meeting the forecasts provided to the shareholders who had invested in the Company.

The property boom in Perth, which coincided with the establishment of the new Company, was due mainly to the expansion of Western Australia's mineral exports driven by the economic growth of China. For nine months to 30 June 2002, 137 lots at Thomsons Lake Estate were sold at an average price of \$85,414. Profit after tax was \$1,020,464. No dividend was paid.

The years that followed were extraordinary with profit rising to a peak of \$11,610,412 in 2010, and lot prices increasing to an average of \$277,916 in the same year. The ten years following the purchase by Gold Estates Holdings Pty Ltd were the most successful in Gold Estates' history with net profit after tax of over \$60 million being generated. Of this amount over half was distributed to shareholders.

This rate of increase could not be sustained as prices rose beyond the ability of many buyers to service borrowings. Nevertheless the Company maintained a high level of profitability and has declared dividends of over \$39,000,000 to date.

Of the 1,600 blocks developed at Thomsons Lake, approximately 400 remained unsold at the end of 2011. The Company continues to trade without debt.

In 2004 it was agreed by shareholders that trading should continue after sales were exhausted at Thomsons Lake and to date over \$25,000,000 has been reinvested in the following locations:

South of Thomsons Lake	18.5 hectares
North of Mandurah	68.0 hectares
Busselton	4.0 hectares
Cardup	125.0 hectares

Currently (2012) the Company is in a strong financial position and with no debt and ample cash on hand, it is well placed to make further property investments.

Opportunities to purchase properties at satisfactory prices are the key to success for all property companies, which requires astute management and a Board attuned to forward planning. The current Board comprises:

Geoff Anderson (Chairman)
Neil Rae
Alex Gregg
Ian Hoad
Sandra McGuire (Secretary)
Gavin Hegney (Consultant)

The Company has also been served by:

Peter Bird (Chairman 2001-2007)
Michael Gregg (Director 2001-2008)
Gregory Wall (Director 2001-2012)
Geoffrey Nathan (Director 2001-2012)
Graham Berrey (Secretary 2001-2002)
Karina Klass (Secretary 2002-2005)
Sandra McGuire (Secretary 2005-)

Gold Estates has followed many speculative investments from gold to waterworks, however, property has been its only profitable investment. It is also the oldest surviving real estate development company in Western Australia apart from Peet Ltd.

REFLECTIONS

MICHAEL GREGG

FOR OVER ONE HUNDRED YEARS the fortunes of Gold Estates of Australia (1903) Ltd have run in tandem with the progress of Western Australia. Following the gold rush period of the 1890s the Company moved to property development in Perth. Initially its performance was erratic and mostly disappointing. Trading losses were incurred between 1930 and 1952 and no dividends were paid during this period. In fact the Company did well to survive two World Wars and the Great Depression of the 1930s. Profitability was eventually achieved with Perth's economic and population growth from 1950 onwards.



Michael Gregg

Neither Western Australia nor Gold Estates has looked back since the end of the Second World War. The State prospered – initially through its thriving rural sector and later the rapid expansion of the mining industry, especially in the last decade.

The end of the War heralded a number of other gradual changes affecting the real estate industry. Bank credit became more readily available to finance property transactions. Until then many real estate sales, through necessity, had been financed by property owners including developers. In addition women gradually became an essential part of the workforce. Initially property financiers would not include their income as part of household income for borrowing purposes. Fortunately this attitude no longer exists. Today we have an adequately financed industry.

Gold Estates has been very much part of my business life for over 50 years and through it I have always had the good fortune to be associated with men of integrity and ability.

My close association with the Company commenced in 1963 when my father died suddenly. Major Douglas Milne was Chairman and controlling shareholder with 50% of the shares on issue, which he had inherited from his father who had purchased nearly 100,000 shares between 1903 and 1930. The Major agreed to my appointment as Manager although he had reservations as he felt I was too young (aged 28) for the job. Even so he gave me his full support as did his cousin, Donald Milne, a most delightful gentleman who was also a Director. The Major could be very blunt with his subordinates and on one occasion was heard to say to his Attorney 'I don't keep a dog and bark – have my accounts ready within 24 hours'. However behind the facade was a very kind man.

Another Director during the 'Milne Years' was Vernon Gregg who became not only my mentor, but also a close friend until his death in 1979. He was a very astute Chartered Accountant who had served with distinction in the Second World War. Ann and I spent many happy holidays in France with Vernon and his wife Mary. Both the Milne and Gregg families are shareholders in Gold Estates Holdings.

After the takeover in 1969 the run of excellent Chairmen continued.

The first was Roger Wethered (1969 to 1979). Born into a privileged background he had been educated with tutors at home. He had attended Oxford University and served in France in the Royal Artillery towards the end of the First World War. Roger had a flair for golf and enjoyed his family's private golf course. He finished tied for the final of the British Open at St Andrews in 1921, but lost in a play-off. He was British Amateur Champion in 1922 and played in the final twice more. He was a friend of Bobby Jones, who defeated him in the 1930 Amateur Final. He was elected Captain of the Royal and Ancient in 1939, but did not move into office until 1946 due to the War. He is reputed to have been asked to play golf with the Prince of Wales and pass on a few tips, but apparently got a very frosty reception when his first suggestion was made. Described as the last gentleman in the City of London his passing was mourned by many.

Desmond Brooke-Hitchings (1979 to 1983) succeeded Roger Wethered as Chairman. I believe he had qualified as a solicitor but didn't practise. He was very much involved in property and was Chairman of a quoted property company in which his family had a substantial interest. Another charming

Chairman with a very relaxed demeanour which concealed a shrewd business mind.

Tony Foucar (1983 to 1994) was educated in England and attended a Military College in India. His father had served in Burma and at the start of the Second World War the family trekked through Burma to India. He served in the Army in India and Burma at the tail end of the War. After the War he studied Law in London and was called to the Bar. He occupied a number of positions with Noble Lowndes Insurance Brokers before that company was acquired by Hill Samuel, Merchant Banker, where he served in a number of positions. He succeeded Desmond Brooke-Hitchings as Chairman of F & C Pacific, and was a Director of other companies in the Foreign and Colonial Group. He and his wife Ann are wonderful hosts and live in a delightful house at Wimbledon.

Alan Davis (1994 to 2000) joined the Board in December 1988. He retired as Group General Manager of Singapore Land Limited after serving with the company for fifteen years, and a career spanning twenty-four years in South East Asia. He was a non-executive Director of Chesterton International PLC and a Director of a number of smaller companies, principally related to property activities. His knowledge of property was of value to Gold Estates.

In Perth the local Board was chaired by Tom Lang until 2001 when it was disbanded. Tom is a chartered accountant and had a long association, over forty years, with Gold Estates, firstly carrying out audit duties on behalf of the Ford, Rhodes, Foulkes & Co and later as a Director when a senior partner with Deloitte, one of the four biggest chartered accountancy firms in Australia. We were fortunate to have him as a Chairman.

London management was headed by John Davenport from 1969 to 1989 and later by Ian Wright. Both realised that property investment, especially residential land, required courage and a vision of the future. This approach certainly rewarded the current shareholders. Both were excellent F & C Pacific Fund Managers. A feature of the association was the complete trust between the London and Perth offices.

There are a number of lessons to be learned from Gold Estates' history.

Property investment is very much a matter of timing. Especially residential land development which has a record of feast or famine. Therefore it cannot be regarded as a defensive investment in difficult times. It is to some extent a hedge against depreciating money values. The history of feasibility models show it normally takes longer than originally planned to bring projects to a

positive cash position and development costs finish up costing more than estimated. The saving grace is usually rising property values.

In 2001 F & C Pacific sold all its shares in Gold Estates to Gold Estates Holdings Pty Ltd owned by a group of Perth investors. I think this is called buying the farm back.

In the past access has been very important as a pre-requisite for urban growth. Initially development followed the Swan River. Railways then took over as a key factor. In later years development has followed the Freeway system. With growing traffic congestion it is likely light rail will take over.

The unknown for Perth's urban development is whether the community can afford the cost of continuing the long term enlargement of the urban perimeter. It is certainly probable an increase in inner city high density development will have to occur to satisfy the aspirations of buyers as the population increases.

I am certainly not qualified to predict the future especially after reading financial writer John Newlands' words, from which I quote:

Predictions are always risky, hence the oft-quoted epithet that there are only two kinds of financial forecasters – those who don't know, and those who don't know they don't know.¹⁷⁶

May I also refer you to Appendix 3. This is a copy of the Chairman's address to shareholders at the 3rd AGM of Gold Estates held in London on 12 July 1897. The report gives a fair resume of the speculative nature of the Company's activities at the time. Today it would be referred to by investors as a 'penny dreadful'. The main point I wish to make is that there are comparisons that can be drawn between the boom conditions of the 1890s and those existing in Western Australia during the first decade of the 21st century. History does have a habit of repeating itself.

In conclusion my only forecast is that as Perth continues to expand there will be a role for Gold Estates Holdings Pty Ltd to play. Real estate is an exciting industry and I trust the next hundred years will eclipse the last century with property remaining The Real Gold.

176 History of Witan Pacific Investment Trust (previously F & C Pacific Investment Trust)

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used as valuable resource (mostly courtesy of TROVE)

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The Bunbury Herald and Blackwood Express
The Daily News
Daily Telegraph
Evening Post
The Inquirer and Commercial News
Kalgoorlie Miner

The Mercury
South Australian Register
Sunday Times
The Sydney Morning Herald
The Times
The West Australian
Western Mail

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OTHER RECORDS

Bayswater Historical Society

Maylands Historical Society

Eastern Goldfields Historical Society

www.outbackfamilyhistory.com.au

APPENDIX 1

GOLD ESTATES OFFICERS

1894 - 2012

DIRECTORS

F P Crowther	1894-1902
E Edmondson	1894-1901
C G Millar	1894-1897
T Phillpotts	1894-1896
D Weston	1894-1902
Sir George Shenton	1894-1903
E Bainbridge	1897-1900
T W Crowther	1897-1914
L Miller	1899-1901
C Williamson Milne	1903-1930
R Nevill Roberts	1899-1915
J G Coldwells	1914-1918
Major D D Milne	1915-1969
J Loudon Strain	1916-1937
W S Gregg	1930-1957
J S Foulkes	1938-1948
J R Turnbull	1937-1969
V S Gregg	1953-1969
D W Milne	1957-1969
A L Gregg	1960-1963
M S Gregg	1968-1969
R H Wethered	1969-1979
J W Williams	1969-1981
K G Drummond	1970-1971
J M Davenport	1970-1989
D Brooke-Hitchings	1969-1984
A J Davis	1988-2000
A E Foucar	1970-1994
T H Joly de Lotbiniere	1971-2000
C Purvis	1997-2000

MANAGERS IN AUSTRALIA

C E Deeley	1894-1896
G Armstrong	1897-1903
R S Black	1903-1904
E W Hamer	1904-1938
R Noble	1938-1948
A L Gregg	1948-1963
M S Gregg	1963-1996
A S Gregg	1996-

SECRETARIES

J G Coldwells	1894-1918
E G Coldwells	1918-1935
J R Turnbull	1936-1964
M L Lawrance	1964-1969
GIT Management	1969-1971
F & C Management Limited	1971-2001
G Berrey	2001-2002
K Klass	2002-2005
S McGuire	2005-

GOLD ESTATES OF AUSTRALIA (1903) LIMITED
DIRECTORS RETIRED 1969

D D Milne	Appointed 1915
J R Turnbull	Appointed 1937
V S Gregg	Appointed 1953
D W Milne	Appointed 1957
M S Gregg	Appointed 1968

DIRECTORS APPOINTED 1969

R H Wethered
J Wyatt Williams
J M Davenport
R G Mills
D Brooke-Hitchings
A E Foucar (appointed 1971)

DIRECTORS
PERTH LOCAL BOARD
1970 – 2001

INAUGURAL DIRECTORS

J M Davenport
G Keall
C B Hugall
M S Gregg
M G Farrant

SUBSEQUENT APPOINTMENTS

T A Lang
B D Mickle
C Lawrence
B Luscombe
G Dalglish

APPENDIX 2

STREETS named after Gold Estates personnel

BAYSWATER

Deeley St
Hamer Pde (and Hamer Park)
Crowther St
Milne St
Nevill St

TRIGG

Turnbull St
Vernon St

BICTON

Coldwells St
Milne St
Strain St

APPENDIX 3

(Kalgoorlie Miner, 18 August 1898, p 3)

GOLD ESTATES OF AUSTRALIA THE COMPANY'S INTERESTS

The third ordinary general meeting of the Gold Estates of Australia Limited was held on 12 July at Winchester House, London E.C., Mr Dyson Weston (the Managing Director) presiding.

The Chairman said: "Gentlemen, Mr Emerson Bainbridge, our Chairman, being unable to attend today, it has devolved upon me to preside at this meeting, and the Chairman desires me to apologise for his absence. In the report of the Directors which accompanies the accounts for the year 1897 you will have noticed a new feature – namely, the publication of the holdings the company has in shares of companies which have been formed partly or entirely through the agency of the Gold Estates of Australia, Limited. Our reason for doing this is to satisfy our shareholders fully as to what our property consists of, in addition to the cash balance at the bankers of £50,000 odd at the close of the financial year. With the information contained in the Directors' report as to each of our investments, we consider the shareholders can have no difficulty in estimating the value of their holdings in this company. With regard to the realisation of our share profits, you are probably aware of the reaction that has occurred from the excitement of 1896. The same experience is happening in Western Australia as took place in the early days of South African gold mining. That is to say, there was an early period

of inflation following the first discoveries of gold, when most of the mining was done in the market instead of in the mines.

Then there was a violent reaction from the wild speculation, and for a time the public left South African mining severely alone. "Wild cat" mining ventures died a natural death. Then the owners of valuable mines employed the most experienced mine managers obtainable from the world's established and prosperous gold mining centres, and settled down to the serious and methodical development and scientific equipment of the mines, with the result that a second period of excitement occurred later, which had for its basis that steady increase of the output of gold which astonished the whole world, and the profits from which have been satisfactorily evidenced by the enormous sums paid in dividends to investors. Now the same thing is taking place in Western Australia. They, too, have had the early "boom" with its market speculation. That has passed away, and now in sober earnest the mines are being systematically developed and equipped with the most modern gold-saving appliances and have already shown that the gold output is capable of enormous expansion. The Hannans field itself promises to become an Australian "Johannesburg" because the lodes are much wider and richer in gold contents than those of the Rand.

A SECOND W.A. BOOM APPROACHING

The water difficulty is rapidly disappearing, railway communication is already an accomplished fact, wages and cost of living are falling, and we are within measurable distance of the second "boom" which will be founded upon the solid basis of a steadily increasing gold production from dividend-paying mines. Mr G Armstrong, our resident engineer and manager in Western Australia, is admittedly one of the best judges in the colony in mining matters, and he tells us now that the mining industry of Kalgoorlie is solid and prosperous. Now, our list of investments shows you that we have interests both at Kalgoorlie and Menzies, so you may fairly indulge in the hope that when a revival sets in the values of our investments will be materially augmented. This company has in three years paid in dividends 50 per cent on its capital, so you need hardly be discouraged because this year, owing to the reaction and depression (which in our belief is only temporary) in Western Australia mining markets, we are unable to pay a dividend. The business of financial companies such as ours naturally fluctuates; there are

fat years and lean years. We have had our fat years, and expect to have them again. As a finance company, we have not confined our attention to mining matters. We own a fine building estate at Perth of 695 acres, which is only valued in the accounts at cash £6,100, but for which we refused a cash offer of £25,000, and which we are selling in small lots at from £50 to £200 per acre. It is situated within two miles of Perth Town Hall, is intersected by the Govt Railway and the Guildford High-road, and has a fine river frontage, and, in our opinion, is bound to become very valuable before long. The Decorated Tile Company has commenced the manufacture of a decorative kind which is quite unique, and which the trade believes is bound to become a great success. The works at Tulbury, in Staffordshire, are well constructed, and are now (under the advice of our traveller) preparing to manufacture coloured enamelled tiles and majolica, for which there is a large demand. I may say that our traveller (who has been 19 years in the trade) is convinced that we shall do a large and profitable business.

BUSINESS IN THE FAR EAST

Now I must refer to a business we have taken up in a part of the world known amongst politicians as the Far East. As you are aware, China, after centuries of exclusion from its interior of European traders, welcomed the advent of railways and telegrams to connect its great inland cities and its seaports, and is throwing open its great natural highways, the navigable rivers, to steam navigation. We believe that the opportunity of being in the front of the great rush which is

about to take place into China is one to be grasped. So we promptly accepted a proposal made to us to form a company to acquire an established mercantile business, which last year had a turnover of nearly £250,000, and which made a profit of over £20,000 in trading in hides, skins, and wool alone; but, considerable as this mercantile business promises to be in the future, it appears evident that most of the profits of the new company will be derived from dealing with concessions from the

Chinese Government for the construction of railways, for the erection of fortifications, arsenals, Government docks, for the supply of war material, and in acting as agents for the Chinese Government in placing contracts in this country for the building and equipment of battleships, cruisers, and other vessels. We have lately registered the Chinese Corporation Limited, with a capital of £250,000 in £1 shares, 50,000 of which are 7 per cent preference shares, which will participate rateably in the surplus profits after 7 per cent, has been paid in any year on the ordinary shares. The first issue of 25,000 preference shares has been guaranteed by this company, and is being privately subscribed. The part our company is

taking in floating the said corporation secures us an important interest in the concern. In the event of mining concessions being secured by the corporation, I feel sure that our company will have the first opportunity of handling them. We have made careful inquiries, both in America and London, from the parties who have traded with the vendor, as also from officials in high positions. The information received is highly satisfactory, and points to a very profitable career for the new company. I have now to propose that the report and accounts for the year 1897 be received and adopted". (Applause)

Mr T.W Crowther seconded the motion.
Carried.

APPENDIX 4



Oakleigh Estate first advertised in *The West Australian*, 4 June 1904

Gold Estates Collection

APPENDIX 6

GOLD ESTATES OF AUSTRALIA (1903) Ltd Schedule of Land Owned and Sold Since 1896

1. Menzies

10 town lots purchased from the Crown for £3,900 by Charles Ernest Deeley as Trustee for Gold Estates of Australia Limited on 29 February 1896 and then transferred to Gold Estates on 24 April 1896. All sold.

2. Mt Lawley/Maylands (Part Swan Location Y)

700 acres purchased from Emma Amelia Slade by Charles Ernest Deeley for £5,100 and transferred to Gold Estates of Australia Limited on 9 September 1895, and then transferred to Gold Estates of Australia (1903) Limited on 20 September 1903. All sold.

3. Mt Lawley/Maylands (Part Swan Location X)

18½ acres costing £150 purchased by Gold Estates of Australia (1903) Limited on 10 December 1903. All sold.

4. Whatley Park (Swan Location V)

995 acres purchased for £9,000 from John Blyth and Godwin George Crespin by Gold Estates of Australia (1903) Limited on 9 September 1904. All sold.

5. Kenwick

2,510 acres purchased for £7,000 from Beverley John Liddelow by Gold Estates of Australia (1903) Limited on 14 August 1907. All sold.

6. Whatley Park (Swan Location T)

925 acres costing £5,550 purchased from Joseph Osbert Whatley by Gold Estates of Australia (1903) Limited on 2 October 1912. All sold.

7. Inglewood

47 blocks averaging £7 per block in 1919 purchased by Gold Estates of Australia (1903) Limited. All sold.

8. Castle Hill (Bicton) (Swan Location 69)

241 acres purchased for £8,000 from Sir Edward Horne Wittenoom by Gold Estates of Australia (1903) Limited on 14 April 1921. All sold.

8. Wembley

48 blocks purchased for £550 from The West Australian Trustee Executor and Agency Co Ltd by Gold Estates of Australia (1903) Limited on 20 July 1922. All sold.

9. Melville Links (Leeming)

116 acres purchased in April 1956 for £4,500. All sold.

10. Trigg Estate

53 acres purchased for £20,000 in February 1957. All sold.

11. Bennett Brook (Beechboro)

56 acres purchased in December 1964 for \$84,653.31. All sold.

12. Cockburn No 1 (Kogalup Lake)

88 acres costing \$81,299 which were purchased in July 1966. All sold.

13. Cockburn No 2 (Forrestfield)

61 acres purchased for \$82,248 in September 1966. All sold.

14. Kelmscott

58 acres purchased for \$171,957 in October 1972. All sold.

15. Mindarie

298 acres purchased for \$597,778 in April 1978. Sold in 1998 for \$7,500,000 (unsubdivided).

16. Thomsons Lake

Purchased progressively from 1982. 400 hectares (3,100 lots) purchased for \$15,000,000 over a 10 year period. Development progressing.

APPENDIX 7

LONDON REPORT

JUNE 1986

Abridged and edited

Gold Estates Activity

- (a) Purchase of Lots 8 and 9 (117 acres) Bartram Road, Jandakot (Thomsons Lake), adjoining our existing land at a cost of \$478,935.
- (b) Purchase of 300 acres of well elevated land for residential subdivision north of Bartram Road at Jandakot in partnership with The Adelaide Steamship Co Ltd, 60% - Gold Estates 40%. Purchase price \$2,941,000 on interest free terms over 3½ years.

Development at Jandakot (Thomsons Lake) is programmed to commence in 1989 and is likely to include a site for a large District Shopping Centre.

GRACECHURCH HOLDINGS PTY LTD (100% owned by Gold Estates)

- (a) All properties continue to perform well and rents have been increased.
- (b) Development of Lot 100 Russell Street, Morley, with five showrooms at a cost of \$433,599 and Lot 46 Marchant Way at a cost of \$310,000. Both properties are fully leased at satisfactory rentals.
- (c) Purchase of two lots in Hasler Road, Herdsman, at a cost of \$338,000. Plan to erect commercial premises on the land.

PERFORMANCE G.E.A. VERSUS SHARE INDICES

G.E.A. in A\$ Terms	+ 137%	+ 157%
G.E.A. in £ Terms	+ 181%	+ 261%

Indices	Sept '69	May '81	Jan '84	May '84
F.T. All Share	*146.10 (+ 116%)	315.58 (+ 243%)	501.36 (+227%)	477.21
Sydney (All Ord)	*445.8 (+ 60%)	713.3 (+ 72%)	765.9 (+ 47%)	654.8
Exch. Rate	2.1469 (+ 18%)	1.8165 (+ 40%)	1.529 (+ 39%)	1.5425
Combined	207.6482 (+ 89%)	392.6782 (+ 141%)	500.9156 (+ 104%)	424.5057

*Figures calculated backwards from detail at May, 1981.

SCHEDULE OF PROPERTIES

(a) Fixed Assets

Current Value

Property	Cost	Rent (Revaluation Jan 1986)	Per Annum
Lynn Street Shopping Centre (1969)	165,000	970,000	109,000
Gracechurch House (1973)	478,000	1,135,000	103,000
Hamersley Hospital (1980)	660,000	1,050,000	126,000
	<u>\$1,303,000</u>	<u>\$3,155,000</u>	
Morley Estate			
Showrooms/Warehouse			
Lots 27, 28, 37, 38 and 100	1,248,052	2,000,000	207,000
Vacant Lots			
Lots 35, 36, 41, 42, 45 and Lot 46 currently being developed	174,288	755,000	-
Willetton			
Lot 71 High Rd (1984)	613,950	700,000	72,000
Lot 82 High Rd (1985)	230,664	245,000	27,000
Herdsmen Estate, Osborne Park			
Lots 149/150 Hasler Road (1986)	346,339	346,339	-
	<u>\$3,916,293</u>	<u>\$7,201,339</u>	<u>\$644,000</u>

(b) Trading Stock

	Estimated Cost	Current Value
Melville Links (10 Lots)	71,780	250,000
Mindarie	597,778	800,000
Jandakot:		
Lot 545 Bartram Rd	263,840	960,000
Lots 8/9 Bartram Rd	478,935	478,935
Forrest Road	1,176,237	1,176,237
Partnership with Adsteam	1,200,000	1,200,000
	<u>\$3,788,570</u>	<u>\$4,865,172</u>

BUDGET 1986/87

The Group has budgeted for a pre-tax profit of:

Gracechurch	\$552,400
Gold Estates	\$ 77,200

LONDON REPORT JUNE 1986 *(continued)*

These figures allow for interest on loans of \$525,000 from the Parent Company.

Over the next three years Gold Estates' trading profit will be limited to short term dealings. By 1990 trading profits should be emerging from our Forrest Road and Bartram Road Estates at Thomsons Lake.

AUSTRALIAN FOREIGN INVESTMENT REVIEW BOARD

FIRB requires non-Australians to obtain approval to purchase real estate in excess of a total of \$350,000. There are no penalties under the guide lines except divestment can be required if official approval is not obtained. There is growing speculation that FIRB's role will be considerably reduced in order to conform with the Government's deregulation policy.

Gold Estates has adopted a policy of quietly pursuing its investment programme without reference to FIRB as all transactions are financed from funds already in Australia.

FUTURE PROSPECTS (1986)

The Western Australian economy has done remarkably well bearing in mind the depressed prices and sluggish demand for the State's major commodity exports. The rural sector in particular is going through a very difficult time and grain growers have been badly affected however meat and wool producers appear to be surviving reasonably well apart from those who have substantial borrowings to service. In the mining sector gold and mineral sand producers are doing particularly well.

Confidence was expressed in the longer term future for Western Australia where there are grounds to expect:

1. Population growth will continue, and
2. The economy will continue to expand and there will be opportunities for profitable investment in real estate.

The latest purchase of land at Thomsons Lake will enhance Gold Estates' medium term prospects as development will commence within three years. Longer term prospects remain sound and the following figures although indicative only give some idea of the likely trading results in the various Estates before interest, rates and taxes.

Thomsons Lake Estate

Programmed for development commencing in 1989:

Gross Sales income 800 Lots at \$20,000	\$16,000,000
Less Cost of land and Development Costs	<u>\$ 9,500,000</u>
Gross Trading Profit	\$6,500,000
Gross Trading Profit 40% thereof	<u>\$2,600,000</u>

Bartram Road

Programmed for development commencing in 1991:

LONDON REPORT JUNE 1986 *(continued)*

Gross Sales income 700 Lots at \$18,000	\$12,600,000
Less Cost of land and Development Costs	<u>\$7,000,000</u>
Gross Trading Profit	<u>\$ 5,600,000</u>

Mindarie

Programmed for development commencing in 1995:

Gross Sales income 960 Lots at \$15,000	\$14,400,000
Less Cost of land and Development Costs	<u>\$ 8,300,000</u>
Gross Trading Profit	<u>\$ 6,100,000</u>

The Company's property portfolio appears in broad terms to be well balanced with a solid core of rental properties and land for future housing estates which although speculative should provide an excellent return on capital when subdivided and sold.

DESCRIPTION OF PROPERTIES OWNED DURING THE PERIOD

GRACECHURCH HOLDINGS IMPROVED PROPERTIES

- (a) *Gracechurch House, 25 Richardson Street, West Perth*, is situated on the southern side of Richardson Street, approximately 1.75 km west from the GPO Perth and the central business district. The land has a frontage to Richardson Street of 24.86 m and an area of 1,123 sq.m. Under Perth City Council's Town Planning Scheme the zoning is for Special Office and Residential use.

The improvements comprise a modern office block erected in 1971 providing a net rentable area of 1,437 sq.m. together with an undercroft car parking area containing 30 car bays.

The building has a reinforced concrete frame with double brick walls and aluminium framed windows. An Otis passenger lift services all floors. Package airconditioning units are installed on each floor and air reticulation is through suspended ducts.

The premises are fully let. Several leases expire late 1986/87 however due to continuing demand for accommodation in West Perth, reflecting high interest rates and increased building costs, any vacancy factor should be minimal.

Approximately AU\$80,000 will need to be spent immediately to upgrade airconditioning. The 1986 revaluation of \$1,135,000 made allowance for this work.

- (b) *Hamersley Hospital, 441 Rokeby Road, Subiaco*, is situated on the western side of Rokeby Road and is zoned under the Subiaco City Council Bye-Laws as 'Hospital Zone'. However under the Council's proposed town Planning Scheme the site will be rezoned "R50" (medium development density zone). This will not restrict the current use of the Hospital which will have a 'non-confirming use right'.

The land has an area of 2,597 sq.m. and the improvements consist of a two storey, 79 bed, private nursing home built in 1971 with concrete floors, brick walls, and windows with glazed aluminium frames.

LONDON REPORT JUNE 1986 (*continued*)

The total area of the building is 1,940 sq.m. plus terrace and balcony areas. The premises are leased until February 1990 at a rental equivalent to 10.3% of gross revenue per annum. The lessee has the option to extend the lease for two periods each of five years.

- (c) *The Lynn Street Shopping Centre* was built in 1969 and is approximately 12 km north of Perth. The Centre services the local requirements for householders in the Trigg/Karrinyup area.

The land has an area of 6,029 sq.m. and improvements comprise a single storey L-shaped shopping complex with 12 tenancies including a Supermarket. The building has reinforced concrete footings and floors, masonry block walls and flat metal deck roof. All tenancies are fitted with aluminium framed shop fronts and the exterior of the building is finished with a metal fascia which conceals the roof line from the roadway. The shops are all leased and it is understood that all tenants are trading satisfactorily.

Upgrading of this centre is being investigated to ensure continued patronage.

- (d) *Gracechurch Morley Park Estate*. The property is 8 km east of Perth in the Morley Commercial Centre. Development of the Estate commenced in 1979 when it was subdivided into 24 light industrial lots ranging in area from 1,471 sq.m. to 2,625 sq.m. which the Company has progressively sold or developed.

Plans have been approved by all necessary Authorities and work is in hand for a \$90m redevelopment of the nearby Morley Shopping Complex. This, together with the Shire Council's more lenient attitude to retailing from Showrooms, has made the area most sought after by developers, investors and traders.

Showrooms/Warehouses have been developed over Lots 25, 26 (now Lot 100), 27, 28, 37 and 38 Russell Street.

An Office/Warehouse of 1,006 sq.m. has just been completed over Lot 46 Marchant Way and leased to a national tenant.

Showroom/Warehouse projects are being considered over Lots 41 and 42 Broun Avenue and Lots 35 and 36 Barnett Court whilst a warehouse site Lot 45 Marchant Way remains vacant.

Lots 29, 30, 31, 33, 34, 39, 40, 43, 44, 47, 48 and 49 have been sold.

All properties are fully leased.

- (e) *The Willetton Commercial Centre* is located approximately 11 km from the city of Perth in an area highly regarded by merchants. Under the City of Canning's Town Planning Scheme the zoning is for Showroom and Warehouse use.

- (i) 147 High Road, Willetton (Lot 71)

The land has an area of 3,794 sq.m. and the improvements erected in about 1972 comprise single storey brick showrooms with a total lettable area of 2,020 sq.m.

Revenue has increased in line with that anticipated at purchase and property remains fully leased. Plans to upgrade the fascia of premises are being considered.

LONDON REPORT JUNE 1986 *(continued)*

(ii) 171 High Road, Willetton (Lot 82)

This property has an area of 2,428 sq.m. Improvements are modest and the site is used by a swimming pool company as a display centre. The Company's long term plan is to build showrooms on the site.

- (f) *Lots 149 and 150 Hasler Road, Herdsman Business Park.* Purchased in 1986. Lot 149 has an area of 2,077 sq.m. and Lot 150 2,046 sq.m. They are situated in Osborne Park 6 km north west of the Perth Central District with excellent access via the Mitchell Freeway system. The land is zoned "Industrial" by the City of Stirling and is fully serviced. It fronts an important regional road and overlooks an attractive parkland and comprehensive lake system.

International, national and local high image companies have established their headquarters in this area which is becoming the premier industrial/service area of Perth.

The Company's intention is to develop and lease premises for long term quality tenants.

GOLD ESTATES' PROPERTIES

(a) MINDARIE

This property comprises 280 hectares of undeveloped land situated some 34 km from the city of Perth and within the Shire of Wanneroo. Both the Shire and the Metropolitan Region Planning Authority currently zone the land for Rural use. The Metropolitan Regional Planning Authority propose that as the northern residential corridor develops land will be progressively rezoned for urban use.

Currently the land is not serviced and the nearest road is Quinns Road approximately 1.4 km to the north.

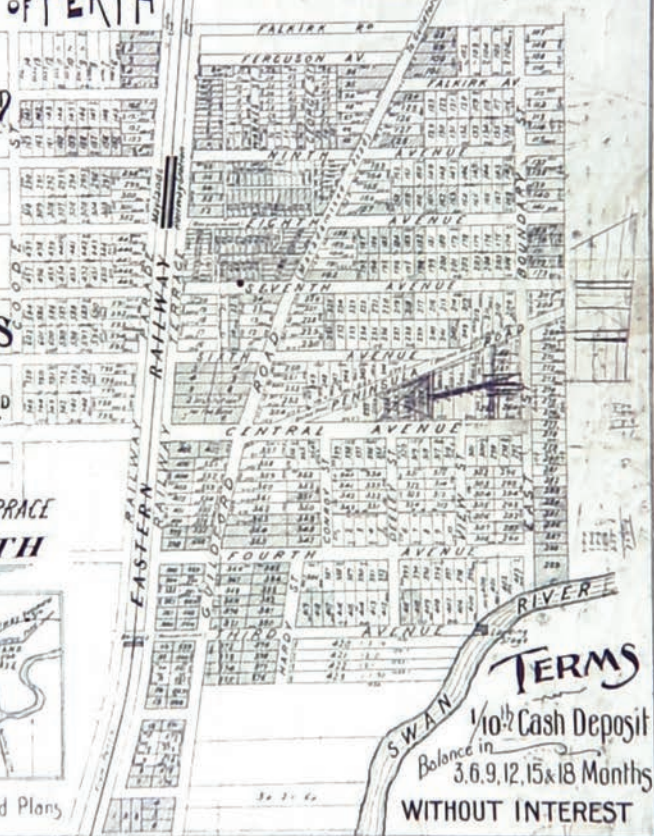
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MAYLANDS

Within ¼ mile of the
CITY OF PERTH

& AT MAYLANDS
Railway Station

FOR SALE
BY THE
GOLD
ESTATES
OF
AUSTRALIA LTD
(Proprietors)
Next W.A. Bank
ST. GEORGES TERRACE
PERTH



TERMS
1/10th Cash Deposit
Balance in
3, 6, 9, 12, 15 & 18 Months
WITHOUT INTEREST

Subject to Deposited Plans

APPENDIX 9

DEAR MAJOR MILNE – MY DEAR NOBLE

Until the advent of affordable telephone calls and regular, reliable airmail services, all communications between Gold Estates of Australia in London and Perth were via letter (sea mail and later air mail), telegram or cable.¹⁷⁷ Of this correspondence very little remains apart from a book of cables from London (1895-1931), two letterbooks (1925-1926 and 1934-1937) and a series of letters (1947-1960) which includes some telegrams.

To keep costs down and maintain confidentiality, the cables were sent in code in which invented words such as 'Pretiosus' (Gold Estates), or 'Basca' (total capital of the Company is to be) were used. A cable sent 16 October 1895 reads: 'Town lots Menzies Technique (is it worth as much as) Unworksome (£7,500) Barcarola (are you able to cancel)'. The last cable received was on 26 February 1931 which simply read 'Heartiest congratulations from Board'. Disappointingly the reason for the congratulatory message remains unknown. Possibly it refers to Hamer's retirement from the Perth Roads Board after 30 years of service.

The letterbooks, in Edgar Hamer's hand, indicate that he dealt with all his own correspondence until he retired at the end of 1937.

The letters written between 1947 and 1960 form a unique series of correspondence between Richard Noble (and later his son-in-law, Alec Gregg) and Major Douglas Milne. As well as dealing with Gold Estates business matters, the letters and receipts provide an insight into post-war conditions in Britain and Australia and in particular the effects of rationing in Britain. Milne's wife, Winifred, also corresponded with Noble and Gregg.

In Britain rationing began on the 8 January 1940, four months after the start of WWII, and the final restrictions were not lifted until 4 July 1954. Australians also experienced living with coupons but never to the extent imposed on the population of the 'old country'.

To ameliorate the effects of rationing, those lucky enough to have family, friends or other contacts in Australia were able to have parcels of food and other goods sent to them in England. These items could not be directly purchased but had to be sent as gifts – or seen to be gifts. As the Milnes had an account in Perth they were able to pay for the goods themselves though the ordering was done through the Perth office.

Amongst the correspondence are many receipts from such shops as Foy & Gibson, Sanitarium Health Food Company and Freecorns for food parcels; Economic Stores, Bon Marché and Walsh's for clothes and wool. The Major was particularly interested in socks (socks had been

¹⁷⁷ Submarine cable had landed at Darwin in 1889 which made WA independent of the Darwin-Adelaide line with its cable to Java laid in the 1870s. Perth-Coolgardie line opened to service need between Goldfields and Perth in 1894.

coupon free in Australia since 15 November 1945¹⁷⁸) and warm underwear. The parcels ordered were not only for the Milnes themselves but for friends and relations as well. Much to the annoyance of the Major delivery was often erratic and despite their best endeavours, with Milne and Noble working with the companies, a tracking system never succeeded. Sometimes, too, the packages were opened and resealed. On a few occasions items were stolen.

When the surviving correspondence begins it is obvious that Richard Noble had been sending the Milnes food and clothing parcels for some time. The following are edited extracts from the letters dating from 1947 to 1952. The first is from Major Milne:

6 June 1947

My Dear Noble

The stuff I have purchased in Australia has proved most useful, but so far as I am concerned the socks you have sent over have in general not been what I require. I don't like very thick socks, but there was one parcel of some rather fancy coloured of what we would call in this country merino, quite nice and thin. I cannot wear the knitted type.

By the way it might be of interest to you the Australian dye is rather poor, and the colour of the sock after the first washing varies considerably from the original ... the green ones have turned from dark green to grass green and the purple are now almost pink! I thought you might like to tell your suppliers this point.

... at the moment I am fully set up for the future, but as far as the forthcoming winter is concerned, if you could get more pants and vests I shall be delighted, but I like short pants and short-sleeved vests. I never wear the long ones.

... We should very much appreciate ... further gifts of nuts, especially pistachio, or nuts suitable to go with cocktails, roasted peanuts ...

20 June 1947

Dear Major Milne

I am sorry the socks did not come up to expectations and that in some cases the dyes have not remained fast. Personally, during the war period and since, I have only worn grey ones and find that they remain true to the original colour. I too, have a rooted dislike to thick woollen socks ... if you desire a further supply I can get you some of a thinner quality similar to those worn by myself, but I did think they would not be warm enough for your climate. I have mentioned to the firm from which I purchased the socks about the dyes not holding ... but it is not likely to get us anywhere, as the attitude today is mostly of the 'you can take it or leave it' variety.

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1 July 1947

My Dear Noble

... So far the flannel trousers you have kindly presented to me have not turned up. I suppose the reason is the number of parcels arriving in this country from all over the world is so big the Post Office can't cope with them.

No food parcels have turned up either for nearly two months now, so I think enquiries might be made. I have only had two altogether from Sanitarium Health Food Company. These parcels are much more acceptable to us than the ordinary tins of jam and things of that character because we are not very short of these, but certainly nuts, almonds, and anything of that kind are in very short supply. Cashew nuts are lovely and we are very fond of them, but we have not seen any of them for a very long time, so if available you can overload the parcel with any nuts you can get hold of, and also dried Christmas raisins . . .

8 August 1947

Dear Major Milne

What is happening to all these parcels it is indeed difficult to comprehend ... That there has been considerable delay in forwarding you will see from the attached cuttings but that taken from today's paper shows that over five thousand parcels left a few days ago by the Motor ship 'Gloucester', the majority of these being, food parcels. I think you will find that eventually all the goods will turn up. At least I hope this will be the case. It would be a bit thick if after what has been done at this end and the fact that payment has been made should they not do so.

Your requirement in regard to socks are noted, and the best possible will be done to fulfil same. I have notified two firms about the dyes remaining fast in the previous woollen socks forwarded and they admit that in some colours that they are inclined to run. This time I shall endeavour to get colours that are not likely to change.

18 August 1947 (from Winifred Milne)

Dear Mr Noble

That most wonderful parcel arrived a few days ago – beautifully packed. The wonderful sheets of brown paper are almost as valuable as the contents!

My husbands outfit – trousers & pullover – are a good fit. My navy twin set – pullover and cardigan – very welcome & I have already started knitting up the very nice black wool into socks for my brother.

Men's socks and men's handkerchiefs in large quantities will always be welcome ... baby wool – 3 ply is also most welcome – or pale blue. It no sooner arrives than it is knitted up and worn. We can hardly get any wool over here & what there is, is two coupons per ¼ lb. We only get 32 coupons for 7 months or 8 months for everything – stockings 3 per pair, shoes 7 per pair, a suit 26, summer dress 8 or 11, wool frock 18, coat 18 and they have to buy our household linen too. I'm coming back to Australia!

20 August 1947

My dear Major

There has been quite a number of complaints in the local press about the non-arrival of gift parcels sent to England as you may see from the further attached cuttings ...

1 September 1947 (from Winifred Milne)

Dear Mr Noble

When DDM [Milne] came home here on Thursday he brought some most delicious dried fruits, peaches, apricots, prunes, muscatels, peanuts etc all most welcome. These things are unobtainable here ... This month our points are reduced from 32 to 28 & the value of all points goods is going up & up ... I have just had a parcel of pale blue baby wool from Mrs Coleman & now I'm hoping for white baby wool next time. I cannot thank you enough for the trouble you take in choosing these things for us – and we rejoice over them ...

2 September 1947

Dear Major Milne

... a parcel of gift clothing has been dispatched to your private address. It contains the following:

Three sets of men's thin woollen underwear with short sleeves and legs.

Several balls of baby wool for Mrs Milne

One dozen ladies handkerchiefs

Half dozen mens handkerchiefs

Three pairs socks

This parcel was sent through my son-in-law who is a Director of the Economic Stores Limited.

19 September 1947

My Dear Noble

... another parcel has come to hand ... This parcel was again found opened and resealed by the GPO. I think you must ask these people to pack their goods more securely. The only parcel that arrived undamaged was that very enjoyable one of butter biscuits ... though a bit crumbled in consequence of the shaking they had had.

24 September 1947

My Dear Noble

Letters ... are going to be xrayed after 1 October 1947 as a lot of people are committing currency offences. This does not of course affect us in any way, but on the other hand one will have to exercise care in what one says in correspondence after that date.

19 November 1947

Dear Mrs Milne

... Since your letter was written it is to be hoped that the clothing parcel has arrived. Major Milne may be glad to have the woollen underwear as I see by the paper that there has already been falls of snow in some parts of the country ... Regarding clothing coupons – here we are issued forty for twelve months, but then there are far more articles that are uncouped. All woollen goods for instance. Boots and shoes and hats. I very seldom use my coupon book.

12 December 1947

Dear Major Milne

I am pleased to learn that the parcel of woollen underclothing for yourself and the wool for Mrs Milne arrived safely, but I am surprised to learn that some of the handkerchiefs were missing, as I have a high opinion of the integrity of the British people in all walks of life.

Despite their application to travel initially being rejected by the authorities, in mid December the Milnes were notified that due to a last minute cancellation they had berths on the Glenearn, a passenger-carrying cargo ship used to transport infantry during the War. They sailed on 3 January 1948.

17 December 1947

Dear Major Milne

If your ship should stop at Port Said, would you be kind enough to purchase for me a white helmet at Simon Artz Store; the size is six and seven-eighths. Please don't go to any trouble in the matter, but the helmets that are available here are very crude.

7 January 1948

[addressed to Glenearn agents in Port Said]

Dear Major Milne

If the car you are bringing were registered in your own name, you would only get a very small allowance of petrol as a visitor; by registering in the name of the Company only and stating that it is for business purposes, it is hoped to get a monthly allowance of about twenty gallons. Drastic petrol restrictions are beginning to be felt here and it is anticipated that next month that even taxis will not be easily obtainable.

The Milnes arrived in Perth on 1 February 1947 and although only intending to visit Perth for a few weeks, due to the scarcity of shipping available to take them back to England they were unable to leave until May when they sailed for home on the newly built *Corinthic*. Whilst in Perth they enjoyed the lifestyle so much that they decided to move permanently to Western Australia. The next step was to convince the rest of their family to accompany them. Once back in England passages for the return journey to Perth were soon arranged. By this time Alexander Gregg had taken over management of the Perth office from his father-in-law, Richard Noble.

10 October 1948

My dear Alex [from Winifred Milne]

We are all getting excited at the prospect of sailing in the *Orcades* early in December ... Would you be good enough to tell Mr Foy and Mr Gibson that if they continue to send me or my friends any of the following goods there will be a bloody murder in Perth early in January – namely Tomato Juice, Ovaltine, Tinned Jam, Soap. We have plenty of all these goods here. I gave them a long list of what would be acceptable but now they are sending us their standard parcels with a printed list on the outside & it's such a disappointment to people here to get what they do not want when they get a parcel all the way from Australia. Sweets always welcome.

22 October 1948

Dear Mrs Milne

Many thanks for your letter of the 10th which was received on the 18th October. I have been in touch with Messrs Foy & Gibson (although I was unable to contact either Mr Foy or Mr Gibson personally) and informed them of the sanguinary mess that was liable to occur in Perth in January if they did not desist from sending certain articles of foodstuffs to your friends. They have promised to rectify the matter and to adhere to your list with the addition of sweets ...

28 September 1949

My dear Alex [from Winifred Milne]

... Today Douglas' collars arrived safely ... I shall send Edna some names & addresses to send nylons to. We can't buy a fully fashioned stocking at all !!

8 June 1950

My dear Alex

... we have stopped Foy's parcels altogether ... in fact the delivery of parcels to England has been extremely bad from all of the senders, i.e Freecorns, the Sanitarium, and also the last parcels from Charlie Carter. Until a week ago we had not received a single parcel since Christmas.

14 July 1950

Dear Major Milne

... I am sorry to learn of the bad delivery of parcels. I know Foys and Sanitarium got very badly delayed with the rush last Christmas, and so they endeavoured to catch up later by sending them off at shorter intervals.

27 July 1950

My dear Alex

... unless the firms have already received their direct instructions from Mrs Milne, the contents of these parcels should now be altered. Jams, fats, tinned sausages, should no longer be included ... as they are easily obtainable. The content of the gift parcels today which would be more appreciated, are such things as tinned ham, tinned fruit – which though off ration is very expensive and difficult to get especially pineapple – tinned bacon; sugar is still in very short supply but must be carefully packed in double bags at least. Tinned meat is also acceptable, meat still being rationed.

21 March 1951

Dear Major Milne

I have a credit balance at Foy & Gibson [and] have arranged to send you one of each, namely:

- 16 oz. tin of Tom Piper Steak and Vegetable
- 16 oz. tin of Champion Casserole Steak
- 12 oz. tin of Watsonia Spiced Ham
- 12 oz. tin of Red Feather Braized Steak and Onions
- 10 oz. tin of Imperial Vienna Sausages
- 16 oz. tin of Edgell's Rabbit Cutlets
- 16 oz. tin of Imperial Camp Pie
- 16 oz. tin of Imperial Steak and Tomato

I thought you could consider these as samples, and let me know which ones you prefer for future deliveries.

3 May 1951

My dear Gregg

... thank you very much for the notes about Freecorns, etc. Foy's are a perfectly hopeless firm to deal with, and I always thought so. They made any amount of muddles over Mrs Milne's orders. Vienna sausages are an important item on my menu. What about getting one parcel from Charlie Carters? Small hams, of course, are quite nice and they have a very good 2 lb ham.

21 June 1951

My dear Gregg

I am just writing to let you know that the first three parcels have arrived from Freecorns ... On the whole the contents were what I required, except the steak was very stringy. Easily eaten I admit, but very stringy. Have they not got something better? Meat with us is really a problem nowadays. We get at the most on our rations two small cutlets a week ... for two people. Beef we hardly see. Ham is not in bad supply and is usually pretty good ...

In the parcels I was not particularly impressed with the Vienna sausages, they were not particularly tasty. I rather like the big long ones with uncut ends, because when you cook the existing Vienna ones sent, the ends being cut the flavour comes out in the water. They could of course be heated in the tin.

13 August 1951

Dear Alex

Just a few words purely personal, off record, & asterisk asterisk, Freecorns, Foys, & all the other asterisk adjectival firms who send parcels in WA ... Now will the dead wits in WA realise that parcels take 3 months from date of despatch before arrival, some take 6 weeks ... Advise me last despatch & grand total sent but on labels sender must give date of posting. There is so much pilfering at this end. I am out to catch them but without your end giving me the dope it is just a dead horse.

Apart from another letter to Gregg on 24 July 1952 and a request from Milne in 1955 for a Christmas parcel of 'Raisins (dried on stem), Sunmaid Sultanas, Dried Peaches best quality and any other specialties ...' no further mention of the arrangement begun some ten years before appears in the correspondence.

Whilst in Perth in 1952 Milne must have cancelled any arrangement that was still in place for sending food parcels to himself and Winifred. Clothing parcels also ceased.

Watsonia PORK SAUSAGE 16oz., 2/10	Tom Piper STEAK & VEGETABLE 16oz., 2/1	Champion CASSEROLE STEAK 16oz., 2/5	<i>1 TP Spiced Ham 2 Cass Spts 1 Sp. Ham 1 Sp. Ham 1 Rabbit 1 Camp Pie 1 Sp. Ham</i>
Watsonia SPICED HAM 12oz., 2/8	Red Feather BRAIZED STEAK AND ONIONS 12oz., 1/6½	Imperial VIENNA SAUSAGE 10oz., 3/2	
Edgell's RABBIT CUTLETS 16oz., 2/9	Imperial CAMP PIE 16oz., 1/9½	Imperial STEAK and TOMATO 16oz., 2/3	
Plaistowe's GREEN PEAS 16oz., 1/10	Heinz BAKED BEANS 4oz. 11d. 8oz. 1/2½ 16oz. 1/11½	Heinz SPAGHETTI 4oz. 10d. 8oz. 1/2 16oz. 1/10	

1951

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Menzies Consolidated Gold Mines Ltd	8,14,25,36,46,50,51,58	São Paulo Coffee Institute	51
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Milne, Major Douglas D	46,54,61, 62,72,75,78,79,80,81,82,84,85,86,97,104-105,	Streatley Park	42,52,72, <i>Plate VIII</i>
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