

HOUSE OF ASSEMBLY.

Thursday, October 11, 1951.

The SPEAKER (Hon. Sir Robert Nicholls) took the Chair at 2 p.m. and read prayers.

ASSENT TO ACTS.

His Excellency the Governor, by message, intimated his assent to the Homes Act Amendment Act and the Loans to Producers Act Amendment Act.

SISAL HEMP PRODUCTION.

Mr. O'HALLORAN—The *Advertiser* of October 10 refers to a suggestion by Sir Kerr Grant as to the advisability of developing sisal hemp in Australia. The following is taken from the news item:—

He said a specimen of the plant from which the hemp was obtained had been grown at the University. He was certain suitable conditions for its production existed in the tropical parts of Australia, and he wondered why it had not been considered as an Australian industry.

I understand that sisal hemp is a basis for fibrous plaster production, which is an important industry in South Australia. Can the Minister of Agriculture say whether his department has investigated the possibility of producing sisal hemp locally or, if not, will he raise the matter with the Commonwealth authorities, or perhaps at a meeting of State Ministers of Agriculture, to see if there is anything in the suggestion that this industry might be established in Australia?

The Hon. Sir GEORGE JENKINS—As pointed out in the article, sisal hemp is grown most successfully in tropical or sub-tropical areas, and it would therefore appear that the South Australian climate is not suitable for its growth commercially. I assume that Queensland or possibly the Northern Territory would be more directly interested in its production than South Australia, but I will have the matter investigated by my department.

COST OF POLICE UNIFORMS.

Mr. LAWN—Has the Premier a reply to my question of September 27 regarding the cost of police uniforms?

The Hon. T. PLAYFORD—The following report by the Public Service Commissioner was forwarded to me by the Chief Secretary:—

The statement by Mr. Lawn, M.P., that police officers are paid their uniform allowance of £30 a year in two six-monthly payments of £15 each is correct. The full year's allowance has never been paid in advance in one sum because a policeman can resign on giving

one month's notice, and it would be extremely difficult to regain any uniform allowance which had been paid in advance. Mr. Lawn's statement regarding the cost of the different items of clothing is probably correct, but some of the items mentioned therein would not have to be purchased every year, such as overcoats and helmets; and other items, such as shirts and ties, would have to be purchased irrespective of whether a uniform was worn or not. Although some police officers are required to wear uniforms for the whole time they are on duty, others, such as country policemen, are required to wear them only occasionally. Detectives and plain clothes constables are never required to wear uniforms, but nevertheless they, like all other police officers, receive the £30 allowance. The women police, who are not required to wear uniforms, receive a uniform allowance of £25 a year. Junior constables receive an allowance of £20.

Some police officers, therefore, may be out of pocket in purchasing uniforms, but others certainly benefit by the allowance. However, as regards those who spend more per annum on uniforms than the £30 allowance it should not be overlooked that they have to spend less on ordinary suits than most men who receive no uniform allowance. I doubt whether the total clothing costs of any policeman would exceed by more than £30 the clothing costs of the average man. Police officers' wages are increased with the quarterly increases in the cost of living although part of these increases is due to the large increase in the cost of clothing. On July 1, 1948, the uniform allowance was increased from £22 to £25 per annum and on July 1, 1951, it was increased to £30 per annum. As to whether or not the Police Department should supply uniforms in lieu of the payment of a monetary allowance is a matter which is under consideration at present. If the present system is to continue I will give further consideration to the amount of the uniform allowances.

PROOF RANGE IN HILLS DISTRICT.

Mr. TEUSNER—The district council of Mount Pleasant has been in touch with me about the project under consideration by the Commonwealth for the acquisition of about 43,000 acres of land in the Tungkillo district for military purposes. The council appreciates the action of the Premier in sending a telegram to the Prime Minister recommending reconsideration of the project. Has he received any reply?

The Hon. T. PLAYFORD—I received a telegram from the Minister for the Army, Mr. Francis, as follows:—

Thanks your wire. No decision on any acquisition has yet been made. Matter now only being investigated. Although it is my duty to find suitable range I would be glad have inspection made any suitable site you with your State-wide knowledge might be willing suggest.

It seems from the telegram that the Minister is only now examining the matter and is prepared to receive suggestions on alternative sites. I will ask the Minister of Lands if he can suggest any site and I also suggest to the local residents that if they have any other land that might be considered they should bring the proposition forward.

Mr. STOTT—Will the Minister of Lands get his officers to inspect an area adjacent to Humbug Scrub which, it has been reported to me, may be suitable for use as a proof range?

The Hon. C. S. HINCKS—Yes. Various areas will be investigated and a recommendation made.

WINE INDUSTRY STRIKE.

Mr. MACGILLIVRAY—The strike in the wine industry is of vital importance to the district I represent. No other part of the Commonwealth produces more wine grapes in proportion to area than does my district, which keeps some of the biggest wineries in the Southern Hemisphere in production, and supplies thousands of tons of grapes to the Barossa and Adelaide hills and other wineries in South Australia. Most of the grape growers are returned men from World War I., and for the first time men from World War II. will be getting their first harvest in the next few months. Evidently the strike is quite illegal.

The SPEAKER—The honourable member may explain his question but not debate it.

Mr. MACGILLIVRAY—The fact is that the strike is against not the wine industry but a decision of the Industrial Court. The industry has been made the vehicle of attacking the court's decision which I understand is final. Section 99 of the Industrial Code states:—

No person or association shall do any act or thing in the nature of a lock-out, continue any lock-out, or take part in any lock-out.

Section 100 states:—

No person or association shall do any act or thing in the nature of a strike, continue any strike, or take part in any strike.

In each case the penalty is a fine not exceeding \$500 or, in the case of a person, imprisonment with or without hard labour for a term not exceeding three months. In view of that legislation, does the Premier consider the strike illegal and, if so, what does he propose to do about it?

The Hon. T. PLAYFORD—I consider the strike is illegal. I think that under the Industrial Code there is no doubt that any strike or lock-out is illegal. If the appropriate people

want to have the matter brought before the court they should lay an information.

Mr. STOTT—As the wine strike is extending to other industries, such as transport, will the Premier on behalf of the Government intervene by calling a conference of the parties with a view to settling the dispute, or by referring the matter into court?

The Hon. T. PLAYFORD—The court is really the proper authority to arrange conciliation between the various bodies. The Government is most concerned that there should be industrial harmony in this State. At present it does not see any way it can usefully intervene in the matter. Under the Industrial Code it is illegal to strike, but that method of dealing with strikes has been rather discounted for years, and in the past 10 years I know of no instance where an employer has been prepared to lay information about a strike. The usual way of dealing with strikes has been to conciliate, and the proper tribunal is the court. I will discuss the matter tomorrow with Mr. President Morgan to see whether there is any way in which the court can usefully extend its services in the matter of conciliation.

ENFIELD PRIMARY SCHOOL.

Mr. WHITTLE—Has the Minister of Works a reply to the question I asked yesterday about the completion of the Enfield Primary School?

The Hon. M. McINTOSH—As I promised yesterday, I obtained a report from the Architect-in-Chief on the present position. He states that the contractor for the Enfield primary school advises that the greater portion of the prefabricated building is arriving this month on the *Scottish Monarch* and the contractor anticipates that the building will be ready for occupation early next year.

SEATON PARK WATER CONNECTIONS.

Mr. TAPPING—I received a petition today from 33 New Australians living at Russ Avenue, Seaton Park, complaining that although they have resided in the area for over 12 months they cannot get water services. They also claim having paid for water pipe installations. A number of these people have commenced gardens and are afraid that their efforts will prove futile without water services. Can the Minister of Works give any reasons for the alleged delay in providing these services?

The Hon. M. McINTOSH—I do not know the facts offhand. The department has about 2,800 men employed in water reticulation and

their various activities are not known to me, but I will make inquiries and bring down a reply on Tuesday next.

SALES TAX ON MOTOR TYRES.

Mr. QUIRKE—Under the recent sales tax increases the tax on new motor tyres was raised from 8½ per cent to 12½ per cent, an increase of about 4½ per cent. The total margin of profit on tyres has been calculated not to exceed 8½ per cent under the increased tax. Organizations that are members of the Master Tyre Remoulders Association give free service for the changing of tyres and for all tyre service, not only with remoulds or new tyres, but also in regard to service to their customers in changing tyres around in order to offset excessive wear. They cannot continue to give that free service on a margin of profit of 8½ per cent. If they are not allowed to charge the sales tax increase in their prices it will automatically mean that people will have to pay for the service, and this will offset the tax increase which is not yet passed on to them. Application was made to the Prices Commissioner by the Master Tyre Remoulders Association to increase the price of new tyres by the amount of the increase in tax. The Prices Commissioner has refused in the following letter:—

In this connection you are informed that your request cannot be acceded to. Retail prices for new tyres are based on standard prices throughout the Commonwealth and until such time as the relevant price order is amended to make provision for the addition in the sales tax your members must not exceed the price fixed therein.

In New South Wales the order became effective on 27/9/51 and on the next day permission was granted to pass on the tax to the public. In view of what our Prices Commissioner has said, and what happened in New South Wales, can the Premier indicate what is the intention in South Australia?

The Hon. T. PLAYFORD—I have no doubt that the Prices Commissioner has some reason for his refusal to grant the increase at the time the matter was first raised. There may be a number of reasons for the refusal. It is the policy of the Prices Commissioner and the department wherever possible not to pass on increases in connection with stocks bought at lower prices. There may have been substantial stocks held in this State at the time of the application, which the Commissioner considered should be sold at the old prices. It may have been that he was awaiting information from another State to enable him to fix new prices.

Under the existing interstate agreement not every State investigates the price of every commodity. The State manufacturing a commodity usually has the responsibility of investigating the base price of that commodity. For example, South Australia would be the State which would normally do the investigating in connection with the barley price, because she is a large producer of barley, and the price determined by South Australia would be accepted by the other States as the ruling price. The matter raised by the honourable member will be referred to the Prices Commissioner and I will see if I can get for him the reason for the refusal and delay.

TORRENSVILLE WATER DISCOLOURATION.

Mr. FRED WALSH—Recently I have had several complaints from residents in the Torrensville area concerning the serious discolouration of the water in the main. I appreciate that during the period of intake into the reservoirs the colour of the water was affected. In most areas it has cleared up fairly well, but in the Torrensville area it continues to be bad. Will the Minister of Works seek an explanation for the discolouration of the water from the main at Torrensville?

The Hon. M. McINTOSH—Yes. We have plenty of water at present and we are taking the opportunity to flush the mains to the fullest extent, and that should remove incrustations of rust, etc. It should be of a temporary nature, but if it should seem to be permanent I will ask for the position to be remedied. In the meantime I think that can be taken as the explanation. If it is otherwise I will advise the honourable member on Tuesday next.

RADIO COMPETITION.

Mr. LAWN—On Tuesday and Saturday nights programmes known as "Cop the Lot" and "Pickabox" and conducted by Bob Dyer are broadcast over the air. During the programmes reference is made to people entering a competition to guess the nature of a certain noise, and it is announced that applicants from all parts of Australia may enter with the exception of South Australia. Can the Premier say why people in this State are banned from entering the competition, as no money is involved, and can anything be done to alter the position?

The Hon. T. PLAYFORD—I believe it is because it would be an infringement of our Lottery and Gaming Act, but I will get a

report from the Crown Solicitor in connection with the matter and let the honourable member have it.

The Hon. S. W. JEFFRIES—Does not the Premier mean that it would be a contravention of our Trading Stamp Act and not the Lottery and Gaming Act?

The Hon. T. PLAYFORD—Frankly, I have no knowledge of the matter. I was under the impression that it would infringe one of our laws, and probably it is the Trading Stamp Act, but I will get a report.

VINE AND DRIED FRUIT PLANTINGS.

Mr. MACGILLIVRAY—Has the Minister of Lands applied to the Commonwealth Government for a further quota of vine and tree fruit plantings so that further areas may be made available for the settlement of qualified ex-servicemen? There is a definite shortage at present of both vine and tree fruits, and grapes for wine production, so there is no question of economics in this matter.

The Hon. C. S. HINCKS—I think that about two years ago the State applied to the Commonwealth for a further 5,000 acres, but only 1,000 acres were granted. As I have said previously, because of the apathy of irrigation settlers in regard to plantings a survey in connection with the matter has been made and will, I hope, be completed this week. When we know exactly what area is required application will immediately be made to the Commonwealth for a further area for planting.

ESTIMATES OF EXPENDITURE.

A message was received from His Excellency the Governor recommending the House to make appropriation of the several sums set forth in the accompanying Estimates of Expenditure by the Government during the year ending June 30, 1952, for the purposes therein stated.

Referred to Committee of Supply.

THE BUDGET.

In Committee of Supply.

The Hon. T. PLAYFORD (Gumeracha—Premier and Treasurer)—In the Budget which I am introducing today I have estimated a surplus in Consolidated Revenue Account at June 30, 1952, of £15,000. The total revenue for the year is estimated at £42,078,000, which, together with the surplus from last year amounting to £230,000, makes the total funds available for the year £42,308,000. Expenditure is expected to amount to £42,293,000. As a result of the Government's prudent financial

policy, careful administration, and restriction of expenditure to essential things, the State is able to enter a financial period, which I feel will be difficult, with a small surplus brought forward from last year. In addition, notwithstanding a reduction of State borrowing programmes by the Loan Council, there is no necessity to dismiss any employees from the Government service, as sufficient finance is available to keep our employees engaged on operating essential services and construction of urgent and essential works. In framing the Estimates provision has been made to meet the costs of the August, 1951, 13s. increase in the basic wage. Basic wage increases for the remainder of the year are, of course, unknown, and no exact amount can be included in the Estimates for this purpose. To ensure that the Estimates give a fairly reliable indication of the likely financial position of the State at the end of the year, an amount of £700,000 has been spread through the Estimates to provide for cost of living adjustments for the remainder of the year. Should this amount prove to be insufficient, further funds will be available, as it is usual for Parliament to authorize the Treasurer, in the Appropriation Bill, to pay any increases of salaries and wages which are the result of orders made by wage fixing tribunals.

Expenditure for the year (excluding Treasury transfers) is estimated to exceed last year's figures by £6,401,000. To meet this extra expenditure a substantial increase in revenue will result from the upward trend in values from which State taxation benefits. This year the betting tax, introduced last November, will operate for a full year, and will yield £237,000 more than last year. Following heavy increases in working expenses of public utilities, revenues from these undertakings are to be increased. City and metropolitan assessments, on which water and sewer charges are calculated, have been increased, and the increased revenue from this source is estimated at £340,000. In addition the Government has decided that an upward revision will be made in railway fares and freights so as to return an increased revenue of £600,000 this year. In making this revision attention will be given to comments on railway charges made by the Royal Commission on State Transport Services in its report presented in June, 1951. The Commission pointed out that existing freight charges are, with some exceptions, related to scales of charges of very long standing which have been altered occasionally, during that long period, by varying extents.

I do not consider it possible, however, under present circumstances, that railway charges should be increased to the extent of covering all increases in operating costs. Our railways are not a business undertaking in the true sense of the word; they are, and will continue to be, an undertaking for service to the general public and development of the State, and the full benefit they confer upon the State is not to be measured by the railway cash receipts alone. I consider that in any review of public utility charges due regard should be paid to the fact that it is here that the greatest assistance can be given to rural development. Some increases in railway charges are now necessary, not only because of the position of railway finances, but also because the general levels of charges in other States have been raised to levels which exceed those ruling in this State. The increases to be made, however, will be a minimum, consistent with the increases made in the other States and with the needs of the Budget. To allow time for the Railways Commissioner and his expert officers to examine the problem, the proposed increases in freights and fares will operate from January 1, 1952. Before proceeding to discuss the details of this year's Estimates I will give members some information on the results of the Budget for the year just closed.

RESULTS FOR 1950-51.

The actual expenditure amounted to £33,442,000, and total revenue to £33,672,000, resulting in a Budget surplus of £230,000 which, as I have previously mentioned, will be carried forward to revenue in 1951-52. When introducing the Budget in 1950 I estimated a deficit of £10,000. Subsequently it became necessary, in order to meet expenditures for which appropriation had not been provided by Parliament, to introduce Supplementary Estimates amounting to £287,000. This amount was mostly to provide for grants to hospitals, additional grants to the University, Waite Agricultural Institute, and the School of Mines, and the purchase of Yalata Station on the West Coast for aborigine purposes. The grants dealt within the Supplementary Estimates became necessary to assist the various hospitals and other institutions to meet their increasing costs.

A comparison of revenue and expenditure for 1950-51 with results for 1949-50 shows that receipts from State taxation rose by £757,000 to £4,052,000, the main increases being in succession duties, stamp duties, motor taxation and racing taxation. Recoveries in the nature of fees, earnings, and recoups in respect of

social services rose from £677,000 in 1949-50 to £782,000 in 1950-51. Here the principal increase in revenue was due to payments made by the Commonwealth pursuant to the Commonwealth tuberculosis scheme. Earnings of public utilities increased from £12,130,000 to £12,716,000. Railway earnings were increased by £336,000 both as a result of increased charges and of increased traffic. In both years railway earnings were effected by industrial stoppages, as in 1949-50 the coal strike in other States very considerably reduced train schedules here, whilst in 1950-51 a strike of railwaymen forced a cessation of train services for a somewhat shorter period. Harbours and water and sewer receipts continued their upward trend in 1950-51, the increases being £110,000 and £101,000 respectively.

Recoveries of interest and sinking fund increased from £1,080,000 to £1,436,000 as a result of payments by the Electricity Trust, Housing Trust, Tramways Trust, and the Leigh Creek coalfield in respect to loans made to them. Commonwealth grants made pursuant to the Financial Agreement, the uniform tax legislation, and in accordance with the recommendations of the Commonwealth Grants Commission, increased from £10,935,000 to £13,305,000. Social service expenditure during 1950-51, at £7,778,000 was £1,559,000 higher than in the preceding year. This increased expenditure was required to meet the higher costs of providing education, hospitalization, and other social services. Operating expenses (excluding debt service charges) of public utilities rose from £10,062,000 to £11,864,000—an increase of £1,802,000. Increased railway expenditure accounted for £1,358,000 of this increase. Interest and sinking fund commitments under the Financial Agreement, viz., £5,851,000, exceeded the 1949-50 payments by £255,000. Expenditure in connection with development of State resources, which includes expenditure on roads, agriculture and mining exploratory and developmental work, increased from £1,906,000 to £2,307,000. Because of the increased costs of materials and stores and the higher level of salaries and wages generally, all service departments were more costly to administer in 1950-51 than in the preceding year.

However, it will be seen that, whilst expenditure between these two years increased by £3,892,000, revenue from all sources increased by £4,312,000, so that the State's consolidated revenue position improved by some £420,000, viz., from a deficit of £190,000 in 1949-50 to a

surplus of £230,000 in 1950-51. From the foregoing it is evident that the financial results of State public utilities have an important influence on the finances of the State. Capital expenditures of these public utilities are financed from the Loan Fund and constitute a major part of the loan undertakings of the State. The extent to which these loan undertakings have imposed a charge on the Budget is shown by the following net costs, which include interest, exchange, and sinking fund contributions:—

	Millions.
	£
1946-47	3.684
1947-48	4.101
1948-49	4.647
1949-50	5.410
1950-51	6.759

All expenses in connection with loan undertakings continue to increase, and this is especially so in the case of operating expenses. In 1949-50 operating expenses of loan projects (excluding Treasury transfers) amounted to £10,595,000; in 1950-51 this had increased to £12,462,000, an increase of £1,867,000. Revenue from loan undertakings in 1949-50 amounted to £10,780,000, and in 1950-51 to £11,554,000 (excluding £2,600,000 of Treasury transfers to railways), an increase of £774,000. It will therefore be seen that the retrogression in net operating expenses on loan undertakings amounted to £1,093,000 for the year. The Government's policy of providing water supplies, transport, electricity, etc., for country districts and towns, on a basis comparable with those provided in the metropolitan area, has been continued. The cost of providing these services in the country is much heavier than it is in thickly populated areas such as the metropolitan area. I have always held the view that the country districts should enjoy services and amenities at charges which are reasonably comparable with those levied in the city and suburbs. It is only by the continuance of this policy that we can expect to keep the population in the rural centres. Reasonable charges for these services in the country will not meet the expenses incurred in supplying the service; therefore the cost above reasonable charges must be borne by all the people of the State.

ESTIMATES FOR 1951-52.

The principal items of estimated revenue and expenditure for 1951-52, classified according to functions, are shown in appendix 10 of this Financial Statement, and I propose to comment briefly on some of the more important of these items.

REVENUE.—The total revenue for this year is expected to reach £42,078,000, which is £8,406,000 in excess of actual collections last year. This figure for estimated revenue includes a financial transfer to the railways of £5,050,000 to meet debt charges, and increased working costs not covered by increases in freights and fares.

Taxation.—I have estimated revenue from State taxation at £4,920,000, which represents an increase of £868,000 over last year. A number of factors contribute to this estimated increase, principal of which are:—

1. The operation for a full year of the betting tax introduced last November.
2. A raising of land tax assessments arising from the recent quinquennial assessment of land values.

3. Further anticipated increases in the number of motor vehicles registrations.

4. Increases in the level of values, incomes, and business activity generally will be reflected in increased revenue from stamp duties and succession duties.

Public Utilities—Revenue from railways traffic receipts is estimated at £9,130,000, which is £2,042,000 higher than actual receipts of last year. This estimate for railway revenue includes receipts from increased freight and fare schedules which will operate from January 1, 1952. Quite apart from this I anticipate revenue over and above that obtained last year due to the increased business which is offering and to cope with which additional rollingstock and staff are being obtained. Moreover, the last increases in freights and fares operated only from September and October, 1950, respectively, and will this year operate for the full year, whilst railway earnings during 1950-51 were affected by a strike of railwaymen early in the financial year. I anticipate that Harbors revenue will increase by £164,000 as a result of further increased shipping activity. Increases in the assessments in the metropolitan water district, and the increasing number of connections in the settled areas, together with the expectation that last year's severe water restrictions will not need to be imposed this year, should provide £341,000 more revenue from water supply and sewerage than last year. Interest and sinking fund recoveries will increase again this year in consequence of further interest and sinking fund payments in respect of additional loan borrowings by semi-governmental authorities. In past years it was the practice to charge all exchange to Revenue as remittances were made overseas and to credit revenue for exchange as expendi-

ture made in London was recharged to the various departments. This practice has now been altered and exchange transactions will not in the future be handled through revenue account.

Commonwealth Grants.—This year the amount payable to the State under the tax reimbursement arrangement will be £10,200,000 compared with £7,269,000 last year. The amount due to the State under the tax reimbursement formula was only £7,411,000. At the recent Premiers' Conference, it was proved by the States that the amount provided for the States by the formula—£86,000,000—was insufficient to meet the States' financial needs. The Commonwealth therefore increased the grants to the States from £86,000,000 to £120,000,000, an increase of nearly 50 per cent. The report of the Commonwealth Grants Commission has been presented and the commission has recommended a grant of £4,558,000 to this State for this year. In all, this State will receive in grants from the Commonwealth £15,462,000 in 1951-52, as compared with £13,305,000 last year.

EXPENDITURE.

The estimated expenditure for 1951-52 is £42,293,000, which is £8,850,000 greater than expenditure last year. Whilst this may appear at first sight to be an extraordinarily large increase, I do point out that, if the bookkeeping entries for railway transfers, to which I have earlier made reference, are eliminated from the comparison, the increase over last year's expenditure is not very much greater than 20 per cent.

Education, Science, Art and Research, £4,631,000, an increase of £942,000 over last year.—As in past years, to show the upward trend in cost of providing these essential services, I give figures showing the net expenditure per head of the population over a period of years:—

	s. d.
1947-48	61 11
1948-49	70 3
1949-50	80 8
1950-51 (approximate)	101 11
1951-52 (estimated)	122 6

Medical, Health and Recreation, £3,174,000, an increase of £628,000 over last year.—Increases in wages, costs of materials, food-stuffs, medicines, drugs and hospital equipment are responsible for this increase. These same factors affect all country hospitals and the Government has increased grants and subsidies to subsidized hospitals. The details of the grants to be made this year are shown in the Estimates on pages 33 to 38. The

upward trend in cost of health services is apparent from the following figures of net cost per head of providing medical and health services:—

	s. d.
1947-48	38 10
1948-49	46 6
1949-50	54 9
1950-51 (approximate)	58 11
1951-52 (estimated)	75 2

Public Utilities, £15,634,000, an increase of £3,770,000.—The estimated increase in railways expenditure for this year is £3,068,000. This increase will be occasioned by increased traffic (it will be remembered that there was a partial close down last year because of the railwaymen's strike), by increased salaries and wages payable both as a result of increased staff and increases in wage awards, and by the very considerable increases in the costs of fuel and materials for operation and maintenance. Harbors expenditure, estimated at £1,040,000 this year, is £325,000 higher than actual expenditure last year. The department is endeavouring to add to its labour force in order to accomplish a large programme of dredging maintenance, and repairs to wharves and harbour facilities. The Government is most concerned that every essential work which contributes to speedier handling of shipping should be pushed ahead in order that it may do its part in more speedily turning round the increased volume of shipping to avoid the port congestion which has hampered shipping activities throughout Australia of recent years. The estimated expenditure for water supply and sewerage is £1,374,000, which is £287,000 higher than last year. The increase is due to increased salaries and wages and to increased costs of materials for operation and maintenance.

Interest, £5,155,000 and Sinking Fund, £1,289,000.—These are the amounts which it is estimated will be required to meet our debt commitments for this year. The amounts exceed last year's total payments by £593,000.

State Resources, £2,882,000.—This represents an increase of £575,000 over last year's expenditure and the principal factor contributing to this increase is the necessity to considerably expand exploratory and developmental work in connection with the mining of uranium at Radium Hill. Each of the general administrative and service departments is expected to cost more this year because of the increased level of wages and costs generally. They do not individually call for any special comment. I have earlier dealt with the matter of special financial transfers from the Treasury in connection with railway operations. The only addi-

tional transfer to be made which invites comment is in connection with working expenses of the Leigh Creek coalfield. It will be noted that it is estimated this transfer will not exceed £60,000 this year as compared with £200,000 last year. The financial position of the coalfield for this year is estimated to show a marked improvement over the actual results for last year. This improvement is due to several factors, the most important being:— (a) the increase in the average sale price of Leigh Creek coal resulting from the recently adopted formula which relates the price of Leigh Creek coal to the calorific value and price of New South Wales coal; (b) utilization of “fines” in the boilers in the Osborne power station; and (c) decrease in the cost of the removal of overburden with the use of the new 9w dragline excavator. The coalfield is already giving significant assistance in maintaining the public utilities and power requirements of the State, and as soon as the railways bottlenecks can be relieved, I believe this project should be able to maintain itself without any assistance from the Budget.

Provision has been made in the Estimates for preliminary expenditure in connection with the proposed visit of Their Majesties the King and Queen. I greatly regret the abandonment of the tour by Their Majesties and, in particular, the cause of that abandonment. However, I am delighted that Her Royal Highness Princess Elizabeth and the Duke of Edinburgh are coming to Australia, and they can be assured of a very special welcome from all of the people of this State. This change in arrangements may require a slight alteration to the Estimates when they are discussed in Committee. Honourable members will realize that it is not possible to have the Estimates printed in the last few moments before they are brought down. The expenditure for the Royal tour is under the heading of “Visit of Their Majesties the King and Queen and Her Royal Highness Princess Margaret.” A few adjustments will have to be made in the Estimates on the line to meet the expenses of the tour.

PUBLIC DEBT.

The public debt (stock, bills, and debentures) of the State as at June 30, 1949, 1950, and 1951, and the increase from year to year were:—

	£	Increase. £
1949	124,720,000	5,868,000
1950	133,175,000	8,455,000
1951	148,388,000	15,213,000

The increase of £15,213,000 in the debt during 1950-51 is a net figure and is made up as follows:—

	£
Borrowings—New money	16,584,000
Less face value of securities redeemed and purchased by the National Debt Commission on behalf of the State	1,371,000
Net increase in public debt during 1950-51 ..	£15,213,000

New borrowings for the year were obtained from the following sources:—

	£
(1) Raised by the Commonwealth Government on behalf of the State pursuant to the Financial Agreement	16,061,000
(2) Borrowed by the State from the Savings Bank of South Australia pursuant to the Financial Agreement	500,000
(3) Investment of reserves by the South Australian Housing Trust	14,000
(4) Investment by the Parliamentary Superannuation Fund trustees	9,000
	£16,584,000

In accordance with the provisions of the Financial Agreement Commonwealth securities were issued for new moneys raised. In addition to the borrowings under the heading of public debt the Treasurer also has at his disposal trust funds borrowed pursuant to the Public Finance Act, and temporary deposits by contractors as security for fulfilment of their contracts, and deposits by public and charitable bodies. At June 30, 1951, these amounted to:—

	£
Trust funds	6,184,000
Temporary deposits	758,000

The principal moneys held in trust funds are the operating funds of the Electricity Trust, Leigh Creek Coalfield, South Australian Housing Trust, and a number of superannuation funds and funds of charitable and patriotic bodies. Against the amounts so borrowed the Treasurer's cash resources at June 30, 1951, amounted to £11,577,000.

NATIONAL DEBT SINKING FUND.

Under the provisions of the Financial Agreement contributions are made annually by the Commonwealth and State Governments to the National Debt Sinking Fund. These contributions are used for the purchase and redemption of Commonwealth stock, bonds and debentures. The moneys paid to and earned by the

Commission on behalf of this State during 1950-51 amounted to £1,456,000, made up as follows:—

	£
Contributions by Commonwealth	276,000
Contributions by State	1,176,000
Interest earned by the fund . .	4,000

On June 30, 1950, the commission held on behalf of the State £55,000 which, added to the income, made a total of £1,511,000 available to the commission for use on behalf of the State pursuant to the National Debt Commission Act. During the year the commission purchased and redeemed securities with a face value of £1,371,000 at a cost of £1,455,000, leaving a balance of moneys in the hands of the commission at June 30, 1951, of £56,000.

FINANCIAL AND ECONOMIC MATTERS.

Last year I referred to the sustained rises in costs and prices as one of the most serious financial problems confronting Australia, and stated that the inflation appeared to be increasing in intensity. During the past 12 months the rate of increase has greatly accelerated. Two years after the end of World War II. retail prices had risen by only 5 per cent. During the next three years to mid-1950 they rose so as to be 35 per cent above the mid-1945 level. But during the next 12 months to mid-1951 the rise has been such as to take retail prices to about 65 per cent above the level at which they stood at the end of the war. In other words the rise in the last 12 months was as great as in the previous three years. Following this rapid rise the Prime Minister called a conference in Sydney at the end of August of representatives covering a wide variety of public organizations. The exchange of ideas and information at that conference was most useful, and it is hoped they will be followed by action, not only by the various Governments, but also by those other organizations which can help considerably in constructive and remedial measures. The State Government in this Budget, and in its loan programme, is doing what it can to relieve the inflation, and will co-operate as far as possible with the Commonwealth Government, which has far wider fiscal and constitutional powers to deal with the problem. The South Australian Government has prepared its Budget eliminating any unnecessary demands on labour and scarce materials, and has purposely budgeted for a surplus at the end of the year. To be sure, it is only a relatively small surplus but, in view of the State's dependence on the Commonwealth for the great proportion of its

finance, and the Commonwealth's understandable reluctance to grant more than a bare necessary minimum, to budget for a surplus at all is an achievement. Further, the Government has agreed that its loan works programme shall likewise be confined to essentials and that particular concentration will be made upon those works calculated most rapidly to remove bottlenecks in production and to increase productivity. Those works include particularly power, coal, transport, housing, and water.

Even though all authorities may attack the problem of inflation with the utmost vigour it must not be imagined that price rises will cease immediately. It is unfortunate that certain publicity has encouraged people to think this possible. There are many costs at present placed upon the productive structure which must pass through into higher prices, and there are shortages, difficulties, and overseas as well as local inflationary influences which cannot possibly be overcome quickly. Provided the international situation does not worsen, and particularly if it should improve, there is reason to hope that resolute action can steady, and eventually halt, within the course of a year or so, the prices rises which now threaten the economy. In fact there are some signs already of a steadying in certain aspects of the economy, whilst there is a more sober attitude by the community generally, and perhaps some reluctance in buying as a reaction to high prices. Less encouraging factors in the overseas situation are the sudden worsening of the dollar resources of the sterling countries, particularly Britain, and the unfortunate necessity for the western democracies to absorb practically the whole of their increasing productivity in a rearmament programme. The prospective reduction and possible disappearance of Australia's favourable trade balance will help to remove one strong inflationary factor in Australia. It will be necessary, however, to guard against permitting this reduction of trade balances to interfere with the orderly development of the Australian economy by restricting the availability of essential imports. To secure the requisite plant and basic materials to increase our productivity it may become desirable to control certain imports of less essential commodities to ensure that money is readily available to enable full development to proceed. The effect of a sudden close-down on necessary imports, or even a failure to expand them moderately, may well be disastrous to Australia, particularly in view of its heavy migration programme. For these reasons a

close watch must be kept on our overseas credit position. I do not agree that the easy way of meeting this problem is by borrowing overseas to enable extravagant purchases to proceed.

Of course the best way to meet the position is to develop our export primary industries. To this end we must concentrate to the greatest possible extent. Science has enabled us to develop large areas previously regarded as of low fertility. This work is proceeding and already is impressive, but a further survey will now be made of every area where it appears possible to achieve higher production. This will, of course, include the extension of irrigation. Although there are many problems confronting agriculture today—shortages of labour, fertilizers, and machinery—significant progress is being made and I am sure that, with the approval of this Parliament, still more can be achieved. So far as the South Australian economy itself is concerned, both the present situation and prospects remain very good. The produced income of the State has so risen over recent years that the State is clearly no longer one of the weaker Australian States, but one of the stronger. In fact, on the basis of average income per head we are probably somewhat above the average, falling a little short of the richly endowed State of Victoria, but comparing favourably for second place with New South Wales. This achievement has shown that the developmental costs hitherto undertaken by the State, though undoubtedly high, have been amply justified. Both primary and secondary industries have made their valuable contributions to this remarkable achievement, and I am more than ever convinced that, had the State been able to retain its pre-war share in the income tax field, now monopolized by the Commonwealth, it would be entirely free from the necessity of receiving financial assistance from the Commonwealth.

For future development, the Government recognizes that the increased efficiency and expansion of secondary industry have still an important part to play. Many new industries propose to establish themselves here. How-

ever, I emphasize that the best interests of the State undoubtedly lie in ensuring a relatively greater progress in primary industries. To ensure this the Government will have to overcome even more difficult problems than it has met in the encouragement of secondary industry. The high capital cost of establishing modern rural production, the necessity to ensure that production costs are kept well under control, and productive and marketing efficiency improved, are problems not easily handled, whilst the natural attraction of living conditions and amenities in the cities are both a threat and a challenge to a progressive rural development policy. Whilst the Government intends to play its full part in encouraging development, greater efficiency, and improving conditions of living in rural areas, the extent of success in meeting the challenge for rural development, it appears to me, will necessarily depend far more on the individual initiative and enterprise of our people than on anything the Government itself may do. I am confident, however, that the people of South Australia can handle and overcome these problems, and so take advantage of the opportunities which offer. I move the adoption of the first line of the Estimates.

Progress reported; Committee to sit again.

SALISBURY NORTH PRIMARY SCHOOL.

The Speaker laid on the table the final report of the Public Works Standing Committee on Salisbury North Primary School, together with minutes of evidence.

Report ordered to be printed.

URANIUM MINING ACT AMENDMENT BILL.

Returned from the Legislative Council without amendment.

CONSTITUTION ACT AMENDMENT BILL (No. 2).

Read a third time and passed.

ADJOURNMENT.

At 3.17 p.m. the House adjourned until Tuesday, October 16, at 2 p.m.