

## HOUSE OF ASSEMBLY.

Thursday, October 16, 1952.

The DEPUTY SPEAKER (Mr. Dunks) took the Chair at 2 p.m. and read prayers.

### QUESTIONS.

#### PRICE OF SUGAR.

Mr. O'HALLORAN—I read in the press towards the end of last week the report of a statement by the Federal Minister for Customs (Senator O'Sullivan) that the Commonwealth Government had agreed to a penny a pound increase in the wholesale price of sugar. I ask the Premier, as Minister in charge of price control, whether that increase will be passed on to consumers and, if so, when and to what extent the retail price will be increased in South Australia.

The Hon. T. PLAYFORD—I also saw the report in the press, which was the first notification that I as Prices Minister had of an increase. I believe it is always advisable not to make an announcement about any price increase until the necessary machinery is put in motion to make the increase effective, otherwise there is always a run on the stores and some people are able to get all they require while others go short. An order has been made and will be gazetted today passing on the penny a pound increase in the price of sugar. It will apply from the time of gazettal.

#### ABATTOIRS DISPUTE.

Mr. HEASLIP—A report in today's *Advertiser* refers to the dispute at the Metropolitan and Export Abattoirs. It contains a statement by the secretary of the union, Mr. W. W. Pirie, that the union had been pressing a claim since last year, when Abattoirs employees were idle for three weeks on the same issue—three weeks' annual leave instead of two as at present. Mr. Pirie stated:—

The men had been irritated by a reply from the board received last week. The board had stated that it would consider three weeks' annual leave if employees would agree to increase piecework tallies by 10 per cent, to work overtime on Saturdays during the export season, to hold the annual butchers' picnic day at the board's convenience, and to man the four slaughtering chains with more men than at present.

I particularly refer to the last condition laid down by the board. For some time primary producers have been asked to increase production, and they have responded to the call, but last year they were not able to have their production slaughtered. If they produce stock they expect it to be slaughtered. Can

the Minister of Agriculture say what is the position at the Abattoirs? Can he say whose fault it is that our stock is not being slaughtered and why it is not being exported, and give any up-to-date details of the trouble at the Abattoirs?

The Hon. Sir GEORGE JENKINS—The position at the Abattoirs is substantially as stated in the press by the general manager of the Abattoirs. I do not wish to refer particularly to what has been said by the secretary of the union. In regard to the dispute itself, the Abattoirs Board strictly adheres to the award of the wages board which controls the working of the men at the Abattoirs. The wages board has always refused to grant the men the three weeks' annual leave they seek. It was refused prior to the same trouble arising last year. After the export season concluded a further application was made for three weeks' annual leave, but the board refused it. I understand the union raised the question again with the Abattoirs Board and asked whether it was prepared to confer on the question. I understand that in the first instance the board was not favourable to a conference, because it adhered absolutely to arbitration. Later it did agree to a conference, and at the union's suggestion that there might be some things that the men themselves would be prepared to concede, the Abattoirs Board mentioned certain things which it suggested the union agree to, and the board would then further consider the question of three weeks' leave. This reply was given to the men and they asked for a further conference, but before the letter sent by the Abattoirs general manager was received the men held a stopwork meeting and decided not to work overtime. The wages board award, setting out the conditions under which the men shall work, states that they shall be prepared to work reasonable overtime, so the overtime ban is really a breach of the award. Discussions are still taking place. The Abattoirs Board is to meet again on Monday and I understand that the chairman has intimated to the union representatives that if they call off the overtime ban the board is prepared to confer with them further in regard to the matters in dispute.

#### PENSIONERS' FUNERAL BENEFITS.

Mr. LAWN—Has the Premier any further information in reply to a question I asked on Tuesday about funeral benefits provided by the Civil Pensioners Association?

The Hon. T. PLAYFORD—I have received a report from Mr. Bean dealing with the Victorian legislation which is found to be most difficult to operate. Indeed the report is to the effect that Victoria is trying to amend its legislation to make it effective. I shall be pleased to send a copy of the report to the honourable member who will see the problem that arises. As soon as I can obtain further information on the Victorian legislation I will be able to tell him to what extent the South Australian Government would be prepared to introduce legislation.

#### KITCHENETTES FOR MIGRANT HOSTELS.

Mr. FRÉD WALSH—It was reported in the press this week that an officer of the Federal Department of Labour and Social Services was coming to Adélaide to discuss with the Premier the question of providing kitchenettes at the Gepps Cross migrants hostel. Has a discussion taken place yet and has the Premier anything to report?

The Hon. T. PLAYFORD—A senior officer of the department called on me at Parliament House this week and discussed the alterations which had been submitted to him in reply to a request by Mr. McBride for the establishment of kitchenettes, the price that had been submitted and general matters connected with the proposal. However, no finality was reached and the position is that I am awaiting from the Commonwealth some definite reply as to what it desires the State to do and upon what terms. The State Government will only undertake the work if it believes it will ultimately prove satisfactory, and in order to ensure that the proposal is reasonable it was agreed that I should personally inspect the hostel and examine the accommodation provided and the Commonwealth's terms.

#### SEMI-GOVERNMENTAL LOANS.

Mr. DUNNAGE—An article which appeared in the financial columns of this morning's *Advertiser* under the heading "Three Loans Fall Short" states:—

Three interstate semi-government loans at £4 12s. 6d. per cent have been under-subscribed. Melbourne Harbor Trust's £1½m. loan, which closed yesterday, has been 80 per cent under-subscribed. Subscriptions totalled about £243,550. Sydney County Council's £1m. loan has closed with subscriptions totalling only £615,165. Subscriptions to Brisbane's City Council's £500,000 loan, which closed recently, totalled £170,000.

I have heard the Treasurer say repeatedly that interest rates are getting too high. Does he

consider that the rate of £4 12s. 6d. per cent had any effect on subscriptions to the loans or that the Parliaments or Governments in control of the three States mentioned had any effect on them?

The Hon. T. PLAYFORD—Nearly every semi-governmental loan offered during the last two months has been under-subscribed and many industrial loans—some of them of very highest quality—have also experienced great difficulty in filling. In some instances they have been very heavily under-subscribed.

Mr. O'Halloran—What about the Colonial Sugar Refining Company's loan?

The Hon. T. PLAYFORD—That was a five per cent loan and the company ultimately got its money only after keeping the stock on the market for an unprecedentedly long time for a loan of that description. At present the public are showing a great lack of confidence in investments throughout Australia, particularly semi-governmental investments, and I believe that much of that lack of confidence has arisen from the fact that the Loan Council has not been firm on the question of interest rates. Owing to an alteration in the interest rates many people who have subscribed to semi-governmental authorities—and these stocks are quoted in many instances on the public market—find that almost as soon as a loan is floated it goes into a heavy discount. In my opinion the fact that the Loan Council has progressively raised rates has weakened the confidence in and support of the market very considerably. These views are held by at least one firm of prominent underwriters in Australia who have told me on a number of occasions that the increasing of interest rates at this time does not mean an additional pound becoming available for loan purposes, but has only tended to weaken the public's approach to the loan market. These matters will be considered tomorrow in Canberra by a meeting of the Loan Council specially convened for that purpose.

#### PORT LINCOLN ABATTOIRS SLAUGHTERING.

Mr. CHRISTIAN—Can the Minister of Agriculture report any improvement in the slaughtering position at the Port Lincoln Freezing Works? I am still receiving letters from producers in my district advising that they cannot get a booking for slaughtering inside six weeks and are despairing entirely of getting their sheep in before they fall off too much for slaughtering. Moreover, at a recent sale in my district sheep brought as

low as 3s. a head, which is a reflection of the chaotic state of affairs with regard to getting meat to overseas markets.

The Hon. Sir GEORGE JENKINS—The position at Port Lincoln has been particularly difficult. Where the department has tried to get additional men to go there it has found that they cannot get accommodation in the town for less than £8 a week, and in several cases where inquiries have been made men who had previously said they were prepared to go there have not been prepared to go when advised of those rates. That has made it very difficult to get men to man the chains at Port Lincoln, but on Saturday last a full chain worked, for they were able to get some of the men who were not able to work on the wharf that day and a considerably increased number of stock were killed. Up to the present about 21,000 lambs have been killed at Port Lincoln this season, whereas only 17,000 were killed for the whole of last season. I assure the honourable member that the position is being as carefully watched as it can be by the department, but we are held up by the very high cost of board at Port Lincoln for casual men who otherwise would be prepared to go there.

#### COMPULSORY TUBERCULOSIS SURVEY.

Mr. JOHN CLARK—In the *News* of October 14, under the heading "Compulsory Henley T.B. Survey," it was reported as follows:—

A compulsory T.B. survey will be carried out in Henley and Grange municipality for six weeks from November 10. About 6,000 residents will be involved. It will be the first compulsory X-ray survey to be carried out under the new health law in any complete suburb in the metropolitan area.

Will the survey be extended to country towns and districts?

The Hon. T. PLAYFORD—Up to the present the whole of the survey has been in country areas, and I believe it was commenced at Clare. This legislation was passed last year and the surveys will be continued, and it is hoped that by the early diagnosis of tuberculosis this dread complaint will be gradually brought under control.

#### WESTMINSTER HORTICULTURAL CONGRESS PAPERS.

Mr. MACGILLIVRAY—On September 17 the member for Stanley, Mr. Quirke, asked the Minister of Agriculture whether he would make available the papers read at the Westminster

Horticultural Congress, and, at the honourable member's request I now ask whether they are available.

The Hon. Sir GEORGE JENKINS—The Director of Agriculture reports as follows:—

Through the medium of overseas literature and by correspondence with overseas workers, the department is in touch with new developments in all phases of horticulture. Much of the material presented at the recent Horticultural Congress in London has probably already reached us in papers published elsewhere. However, the papers and proceedings of the congress will also come to the department in due course through our normal exchange channels, and will be examined critically. The principle of absorption of nutrients through leaves and bark of fruit trees and vines has been recognized for many years in South Australia and has widespread practical application in the correction of zinc deficiency.

#### HOSPITALS ACT AMENDMENT BILL.

Bill read a third time and passed.

#### ELECTRICITY TRUST OF SOUTH AUSTRALIA ACT AMENDMENT BILL.

Committee's report adopted. Bill read a third time and passed.

#### THE BUDGET.

In Committee of Supply.

The Hon. T. PLAYFORD (Premier and Treasurer)—In the Estimates for the year ending June 30, 1953, I have budgeted for a surplus of £12,000. Total revenue for the year is estimated at £49,089,000, while expenditure is expected to amount to £49,077,000. In budgeting for a small surplus the Government has been actuated by a strong sense of financial responsibility. In view of the inadequacy of the tax reimbursement payments to cover unavoidable increases in costs, it would have been easier to budget for a substantial deficit, but such a method would have meant that the deficit would have to be financed from loan funds with a corresponding reduction in the amount available for capital works. This course would be most unwise during the present period of financial stringency in which loan funds must be reserved for maintaining our programmes of essential works and employment. Provision has been made in the Estimates to meet the August basic wage increase of 13s., and, so that the Estimates give a reliable indication of the Government's commitments, a further amount of £540,000 has been apportioned to departments

to provide for prospective wage adjustments for the balance of the year. Consequent on the recent and prospective increases in wage rates in South Australia equally heavy increases in the working expenses of Government utilities are unavoidable. The Government has also provided £500,000 on the Estimates for a grant to the Municipal Tramways Trust to assist the new board of control with the rehabilitation of this undertaking.

In the light of the estimated increase in expenditure which exceeds last year's expenditure by £6,528,000, and as only £3,185,000 is covered by additional grants from the Commonwealth the Government has been forced to examine all reasonable avenues to increase revenues to achieve what is virtually a balanced budget. The result of this examination has convinced the Government of the necessity of entering part of the land tax field recently vacated by the Commonwealth Government. This increase is expected to yield an additional £205,000 in revenue in 1952-53, but notwithstanding this, taxpayers will pay less than the previous combined Federal and State land tax, and indeed the rates will remain unaltered for State land tax for all persons owning land with an unimproved assessed value of less than £10,000. The Government also intends to submit to Parliament a proposal to increase certain rates of succession duties, and at the same time afford some measures of tax relief to widows and dependent children. This measure will yield a further £50,000 this year, or about £250,000 for a full fiscal year. In addition, a proposal will be submitted to Parliament to increase the stamp duty on cheques. These relatively small adjustments are the only additional taxation proposals this year. The full details of these will shortly be brought before this House.

The adoption of these proposals will result in the State raising its levels of direct taxation in the aggregate to the levels used as a standard by the Commonwealth Grants Commission in assessing the relative severity of State taxation. To ensure favourable consideration from the Commission in respect to future grants it is necessary for the State to show that it is making all reasonable efforts to tap available tax resources. It will be remembered that some years ago South Australia imposed a stamp duty of 2d. on all cheques over £2 and 1½d. on those under £2. Agencies here complained there was much confusion in this matter and asked that the stamp duty be made uniform. We therefore imposed a uniform tax of 1½d. The position is that all the other Australian States, except Tasmania, impose a stamp duty

of 2d., Tasmania this year having raised its tax to 3d. If South Australia did not increase its stamp tax to conform with that operating in the other States, the Grants Commission would immediately say that we were not taking reasonable steps to protect our revenue. That is the reason for the increase. After careful examination of this year's prospective budgetary position, a further increase in rail freights and fares was made on July 1, 1952, to yield an additional £1,300,000 in 1952-53, and £1,400,000 for a full year's collections at the new rates. Before proceeding to discuss the details of this year's Estimates I will give members some information on the budgetary results for the year just closed.

#### THE YEAR 1951-52.

Actual expenditure amounted to £42,549,000, and total revenue to £42,638,000, resulting in a Budget surplus of £89,000. When introducing the Budget in 1951, I estimated a surplus of £15,000. Subsequently it became necessary, in order to meet expenditures for which appropriation had not been provided by Parliament, to introduce Supplementary Estimates amounting to £370,000. This amount was to provide for excess expenditures of the railways, principally on fuel and administrative expenses of the rolling stock branch, which required an additional £220,000 in all, while a further £135,000 was required for the Ways and Works Branch for deferred maintenance on the Wolseley-Millicent section of the South-East line. Comparison of revenue and expenditure for 1951-52 with the results for 1950-51 shows that receipts from State taxation rose by £741,000 to £4,793,000, the main increases being in land tax £123,000, succession duties £85,000, stamp duties £73,000, motor taxation £150,000, and racing taxation £248,000. Recoveries in the nature of fees, earnings, and recoups in respect of social services increased from £782,000 to £1,157,000. The chief increases in revenue under this heading were due to receipt from the Commonwealth of grants for the University, and to increased reimbursements from the Commonwealth under the tuberculosis scheme. Earnings of public utilities increased by £5,267,000, principally due to increased railway earnings of £4,708,000. Harbour and water and sewer revenues also increased by £160,000 and £336,000 respectively. Recoveries of interest and sinking fund increased from £1,436,000 to £1,929,000 as a result of increased receipts from the Electricity Trust, Housing Trust, Tramways Trust, and the Leigh Creek coalfield in respect of their loan obligations.

Commonwealth grants made pursuant to the Financial Agreement, the uniform tax scheme, and in accordance with the recommendations of the Commonwealth Grants Commission, increased from £13,305,000 to £15,462,000.

On the expenditure side, social service expenditure was £2,078,000 higher at £9,856,000. This included the higher cost of providing education, hospitalization, and other social services. Operating expenses, including debt charges of public utilities, rose from £11,864,000 to £15,796,000. Increased railway expenditure accounted for £3,279,000 of this increase. Interest and sinking fund commitments under the Financial Agreement amounted to £6,494,000 and exceeded the 1950-51 payments by £643,000. Expenditure in connection with the development of State resources, which includes expenditure on roads, agriculture, mining, and exploratory and developmental work, increased from £2,307,000 to £2,746,000 in 1951-52. The continued rises in the costs of materials and stores, and the higher level of wage and salary costs generally meant that all service departments were more costly to administer in 1951-52 than in the preceding year. It will, therefore, be seen that the operating costs and revenues of public utilities have an important bearing on the revenue finances of the State. The extent to which these undertakings have imposed charges on the Budget is shown by the following net costs over the last five financial years:—

	£ million.
1947-48 . . . . .	4.101
1948-49 . . . . .	4.647
1949-50 . . . . .	5.410
1950-51 . . . . .	6.759
1951-52 . . . . .	7.794

Operating expenses in connection with these undertakings continued to increase. In 1950-51 operating expenses (excluding Treasury transfers) amounted to £12,462,000; in 1951-52 this had increased to £16,235,000, an increase of £3,773,000. Revenues from public utilities amounted to £11,554,000 (excluding £2,600,000 of Treasury transfers to railways) in 1950-51; the corresponding revenue in 1951-52 was £14,935,000 (excluding £5,050,000 of Treasury transfers to railways), an increase of £3,381,000. It will be seen that the retrogression in net operating expenses amounted to £392,000 for the year. The Government's policy of providing essential services in the country on a basis comparable to those in the metropolitan area involves much higher costs for each consumer than in the more thickly populated metropolis. The extra cost of providing these services over and above charges

which are reasonably comparable with those levied in the city and suburbs, must be borne by all if these amenities are to be widely used in the country. I consider that the extensions in water, transport, and electricity supplies to country areas is one of the best methods of ensuring development of our rural areas.

#### PUBLIC DEBT.

The public debt (stock, bills, and debentures) of the State as at June 30, 1950, 1951, and 1952, and the increase from year to year were:—

	£	£
		Increase.
1950 . . . . .	133,175,000	8,455,000
1951 . . . . .	148,388,000	15,213,000
1952 . . . . .	173,436,000	25,048,000

The increase of £25,048,000 in the debt during 1951-52 is a net figure, and is made up as follows:—

	£
Borrowings—New money . . . . .	26,412,000
Less face value of securities redeemed and purchased by the National Debt Commission on behalf of the State . . . . .	1,364,000
Net increase in Public Debt during 1951-1952 . . . . .	£25,048,000

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 . . . . .	25,896,000
(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 . . . . .	8,000
(4) Investment by the Parliamentary superannuation fund trustees . . . . .	8,000
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	£26,412,000

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, 1952, these amounted to:—

	£
Trust funds . . . . .	1,896,000
Temporary deposits . . . . .	410,000

The principal moneys held in trust funds are the operating funds of the Leigh Creek coal-field, 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, 1952, amounted to £4,613,000.

#### NATIONAL DEBT SINKING FUND.

Under the provisions of the Financial Agreement contributions are made annually by the Commonwealth and State Government 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 1951-52 amounted to £1,604,000, made up as follows:—

	£
Contributions by Commonwealth	316,000
Contributions by State . . . . .	1,282,000
Interest earned by the fund . .	6,000

On June 30, 1951, the commission held on behalf of the State, £56,000, which, added to the income, made a total of £1,660,000 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 £1,364,000 at a cost of £1,349,000, leaving a balance of moneys in the hands of the commission at June 30, 1952, of £312,000.

#### ESTIMATES FOR 1952-53.

The principal items of revenue and expenditure for 1952-53, classified according to functions and compared with similar items for 1950-51 and 1951-52, are shown in appendix No. 8 of this financial statement, and for the information of members I propose to make some brief comments on some of the more important of these items, and to give explanations of certain of the larger variations disclosed by this statement.

#### REVENUE.

The total revenue for the year 1952-53 is estimated at £49,089,000 which is £6,451,000 in excess of actual collections last year. I have already mentioned the necessity, under present-day circumstances, of matching expenditure with revenue. Under the system which has operated since 1933, the State receives certain grants from the Commonwealth which are fixed after consideration of reports and recommendations made by the Commonwealth Grants Commission. The commission, in reaching its recommendations, has regard to

the expenditures and revenues of each of the claimant States, and relates these to the comparable expenditures and revenues of the non-claimant States. If a State, therefore, is below the standard of the non-claimant States in its taxation, or its charges for services, or if it is spending more heavily on its social services than the non-claimant States, it cannot expect any deficit to be made good by a grant recommended by the commission—it must bridge that deficit from its own resources. With the increasing costs of Government services, then, it is incumbent on the Government to use its best endeavours to raise additional moneys, particularly where its scales of charges are lower than those obtaining in the three eastern States. It has, therefore, been necessary for the Government to review its charges, and, in some cases, to consider some upward adjustments.

Taxation.—I have estimated revenue from State taxation at £5,274,000. This is £481,000 more than last year, and in addition to the increased revenues derivable as a result of proposals to increase certain rates of tax or duty, as already outlined, increased revenues will also be obtained as a result of increases in the level of values, in incomes, and business activity generally. The number of motor vehicles registered in this State continues to increase, and I anticipate that revenue from motor vehicles taxation will this year reach £1,650,000, which is £129,000 in excess of actual revenue collected last year. On the other hand, because of the present greater freight-carrying capacity of our railways, fewer road transport permits are being issued by the Transport Control Board and revenue from licence and permit fees will be somewhat lower than last year.

Public Utilities.—I have estimated receipts from railways traffic this year at £11,800,000, as compared with £9,398,000 for 1951-52. Last year certain increases in railway charges operated from January 1, 1952, so that, in respect of those increases, there will be a full year's collections at those increased rates this year. In addition, the further increases in charges made as from July 1, 1952, will operate for the full financial year under review. The revenue of the Harbors Board will be affected by import restrictions, which have very materially reduced the volume of shipping passing through Port Adelaide, and I have estimated revenue from harbour activities at £1,152,000 which is £144,000 less than the actual revenue of last year. Revenue from Waterworks and Sewers at £1,929,000 is estimated to exceed last year's collections by

£134,000, principally as a result of the number of new houses which have been connected to mains.

Interest and Sinking Fund Recoveries—£2,427,000—Recoveries of interest and sinking fund will again increase in 1952-53, not only because of the additional loan borrowings by various semi-governmental authorities, but also because the Government is borrowing and lending money at a high rate of interest this year as compared with earlier years.

Commonwealth Grants.—This year the State will receive £11,600,000 under the tax reimbursement arrangement, as compared with £10,200,000 received last year. Members will recall that at the Premiers' Conference held earlier this year the Prime Minister announced that the Commonwealth intended to investigate the possibility of returning to the States their power to impose a tax on incomes. At my suggestion this was referred by the Prime Minister and the Premiers to officers representing the Commonwealth and the States to formulate proposals which will be placed before us in due course. I will discuss this matter in more detail later in this speech. The report of the Commonwealth Grants Commission has now been presented to the Federal Parliament and the special grant recommended for this State for 1952-53 is £6,343,000. Last year the special grant was £4,558,000.

#### EXPENDITURE.

The estimated expenditure for 1952-53 is £49,077,000, which is £6,528,000 higher than actual expenditure last year. A summary of the proposed expenditures, classified according to functions, is shown in Appendix 8, and the complete detail is shown in the Estimates of Expenditure. I propose, therefore, to confine my remarks today to explanations of the more important of the items comprising this total expenditure.

Education, Science, Art and Research, £5,651,000—an increase of £1,002,000.—Expenditure on essential social services continues to rise consistently with the increases in costs which have persisted over post-war years. In point of fact, the net expenditure per head of the population in this State on education during 1951-52, at approximately 120s. 9d., was very nearly twice the expenditure per head of the population on similar items in 1947-48. For 1952-53 this figure is expected to reach 145s. 7d. per head.

Medical, Health, and Recreation, £4,056,000—increase over last year, £749,000.—Here again, the costs of providing medical and health services per head of the population

have nearly doubled since 1947-48, following increases in wages, materials, foodstuffs, medicines, and drugs. In 1947-48 the cost per head in this State was 38s. 10d., in 1951-52 it was approximately 74s. 5d. per head. Further, because of staff shortages, it has been necessary for hospital staffs to work many hours of overtime, with consequent increase in costs to the Government through the operation of penalty rates. This position is improving somewhat and hospitals are now more fully staffed than for several years, but in nearly all cases it is still necessary for a certain amount of overtime to be worked in order that patients may receive the care and attention which is necessary. The experience in this State in both education and hospital costs is not an isolated one, but follows the pattern common to all Australian States. Despite this huge increase in costs the expenditure per head of the population in this State is still well below the average of the three eastern States, and, in fact, is well below the average Australian "per head" cost.

Public Utilities, £18,514,000—increase of £2,718,000.—The estimated expenditure for railways for 1952-53 is £15,020,000, which is £2,126,000 in excess of actual expenditure for last year. Our railway system is now carrying considerably increased traffic, due in some measure to the more continuous operation and heavy freight loads which are made possible by the use of diesel electric locomotives. This increased traffic is reflected in the increased revenue to which I have earlier made reference. At the same time, the use of fuel oil, made very necessary by the poor quality of New South Wales coal is a very costly item. Now that coal supplies are more readily available than some time ago, locomotives are being reconverted to coal fuel and action is being taken to obtain better quality coal from New South Wales, which will make possible more economic operation. At the present time, it is very necessary to look to track maintenance. The complete inability of recent years to obtain reasonable supplies of sleepers has forced the Railways Department to defer sleeper replacement—practically all sleepers available were required for the gauge widening project. Now that sleepers are coming to hand, from the West Indies, Western Australia, Tasmania, Western Victoria, and the South-East of this State, these will be used for replacement purposes, and provision for a large amount of track maintenance is included in the Estimates. Harbours expenditure, estimated at £1,183,000 is £209,000 greater than last year. Members are aware that the Auditor-General, in his

report on harbour facilities in this State stressed not only the need for additional facilities, but the necessity to keep existing facilities in proper order and condition. Because of import restrictions, our ports have not been as busy as was the case in the early months of this year, and this easing off will give the Harbors Board the opportunity for catching up on maintenance deferred from earlier years. It is essential that this maintenance work be done, and provision is made in the Estimates for such work to the fullest extent possible consistent with the finance available. Estimated expenditure for Water Supply and Sewerage is £1,700,000, compared with £1,404,000 last year. The increase is due in large measure to increased salaries and wages, and to increased costs of materials for operation and maintenance.

Interest, £5,818,000, and Sinking Fund Payments, £1,471,000.—These are the amounts which are required to meet our debt servicing obligations this year. They exceed last year's payments by £617,000 and £178,000. In the case of interest the estimated increase is occasioned not only by the increase in our borrowings, but also by the increased rate of interest which has ruled in respect of public borrowings. I shall comment further on interest rates a little later.

State Resources, £2,754,000.—The estimate for expenditure in this category, which consists principally of the expenditures of the Lands, Agriculture, Mines, and Highways Departments, is not substantially higher than actual expenditure last year, viz., £2,746,000. This latter figure, however, included much of the exploratory and developmental expenditure at Radium Hill. These expenditures are now being met from the Loan Fund. The proceeds of the special overseas loan, the terms and conditions of which are now under consideration, will be paid into the Loan Fund to meet the expenditure on the uranium project. All other administrative and service departments will again cost more during 1952-53, because of the increases in salaries and wages and the increased costs of materials generally. Members will have the opportunity of reviewing these when the Estimates are dealt with in Committee and they do not call for any particular comment at this stage.

Financial Transfers.—It will again be necessary for assistance to be given to the Railways Department to meet that part of the working expenses which are not covered by freights and fares. In previous years I have indicated that our railways operating costs cannot and, in

fact, should not be covered by continual and large increases in freights and fares. Our railways are not purely and simply a business undertaking, but rather an undertaking whose principal function is to give service to the public and at the same time assist in the general development of the State. Accordingly, the worth of our railway system is not measurable simply by the extent of its annual revenues. Nevertheless, it is expected that the increases in the cost of railway operation during 1952-53 will be met from increased railways revenue. This year the Treasury contribution to the railways will be £200,000 less than last year, and in the light of the increased costs associated with transport of recent years this reduction of subsidy is an achievement which should afford gratification to our railway administrators, and, indeed, to Parliament. I am pleased to be able to report, too, that no subsidy was necessary last year to the Leigh Creek Coal Fund, nor is it anticipated that any subsidy will be necessary this year. The present basis of fixation of the price of Leigh Creek coal, which is satisfactory to all consumers, allied with the economy of mining associated with the present larger scale operations at Leigh Creek, have enabled the field to meet its working expenses from its own coal sales and, in fact, last year the revenue account of the field showed a surplus of £65,000. The Government, therefore, proposes to reduce the price of Leigh Creek coal to consumers as from November 1, 1952, by at least 2s. 6d. a ton. After allowing for this reduction in price it is estimated that the field will show a surplus for the year of not less than that achieved last year. The 2s. 6d. a ton does not represent the full amount of the concession, as a much larger concession is given to the Electricity Trust, which uses the fines from Leigh Creek coal in connection with its power station operations. The finances of the Electricity Trust have been established on a very satisfactory basis, and whilst the trust, in common with other similar undertakings, has had to make several tariff increases of recent years, those increases have been necessary to absorb increased costs. In this way the Government has not been called upon to give any financial aid to the trust—a contingency for which the Electricity Trust Act makes provision—and I am informed that the trust is confident that by making economies in operation it can get through this financial year without any increase in tariffs. The matter of financing the operations of the Tramways Trust has already been discussed in this House, and an amount of £500,000 is included in the Estimates to assist the trust this year.

## INDUSTRIAL DEVELOPMENT ACTIVITIES.

Under the powers given to it by the Industries Development Act, the Government has continued to encourage and assist development in industries vital to the people of the State. The most important extension during the past year was the giving of a guarantee to facilitate the development of a local supply of sulphuric acid for the superphosphate industry. An undertaking has been commenced at Nairne which is designed to render the superphosphate industry virtually independent of overseas supplies of sulphur, which is becoming increasingly costly and difficult to obtain. In giving a guarantee to a loan of £800,000 for this venture, the Government has taken a vital step to protect and develop our primary industries, which are so dependent upon adequate supplies of superphosphate. The Government has also extended its guarantee of a loan for cement production, and this venture will bear fruit early next year in greatly increased output, thus removing the worst shortage facing the housing and construction industries. Further loans and assistance have also been given to brickmaking industries, facilitating much-needed increases in production. The general design of the industrial assistance by means of guarantees and loans is to ensure development vital to the State, protect employment, and hasten the time when the assisted industry is fully self-supporting. Guarantees outstanding at present are nearly £2,400,000, and loans a little over £100,000. No losses at all have been sustained but a number of undertakings, for which guarantees amounting to more than £150,000 had been given, have been developed to the stage that they are now independent of Government assistance.

By far the greatest venture of the State in the interests of industrial development is that connected with uranium. Whilst it is not practicable to publish full details of this the House may be assured that the Government's overriding objective is the development of a new source of industrial power. When the second large powerhouse to use Leigh Creek coal is constructed at Port Augusta, we hope we may look to this atomic power for our further developments. The arrangements for the development and utilization of the State's uranium resources include as pivotal points two factors—the building up of physical stocks for local use in power production, and the acquisition of scientific and technical knowledge of atomic power production. Arrangements are being made for the exchange of

officers, and information on the subject, with the most important research activities in both the United Kingdom and the United States. If we can gain early success in this project we will have made good what is the State's most serious shortage, that is, local fuel for industrial power. In the meantime the activity is providing both directly and indirectly a considerable volume of employment, and contributing toward the business prosperity in the State generally.

## FINANCIAL AND ECONOMIC MATTERS.

Since the end of the war the South Australian Government has continually pressed the Commonwealth Government to honour the war-time arrangement to restore income taxation rights to the States. It has always believed the State has both the responsibility and the right to raise its necessary revenues from an adequate taxation field. The return of taxation powers to the State could only be satisfactory if the extent of field returned to the State is reasonable and adequate. During the last pre-war year, for instance, the income tax field in South Australia was shared in the proportions of 72 per cent to the State and 28 per cent to the Commonwealth. During the last financial year, however, the Commonwealth returned to this State only about 19 per cent of the taxation levied on South Australians. Because of the higher national income, and because of increased Commonwealth financial responsibilities following the war, it would be neither necessary nor appropriate that the Commonwealth restore to the State the whole of its pre-war share of the income tax field. The return of income tax to the State would only be acceptable provided the Commonwealth reduced its demands on the income tax field sufficiently to permit this Parliament to decide who it would tax, how they would be taxed, and how much they would be taxed, and this without increasing taxation to the individual. I support the principle of the spending authority raising its own financial requirements in its own way. Members may be assured that the return of income tax to the State, under any reasonable arrangement, will permit the State to meet its revenue necessities with tax rates very much reduced on pre-war rates, and rates which will not have to be greatly in excess of other State rates as they were pre-war. This will be possible because the average incomes earned within the State are not only considerably greater than pre-war, but because they have increased much more rapidly than in other States.

A second matter of very serious concern respecting Commonwealth-State financial relations is the operation of the public borrowing clauses of the Financial Agreement. One of the most important designs of the Financial Agreement was to end competitive public borrowing upon both local and overseas markets, and to take common action to avoid loss of public confidence, competitive raising of interest rates, and disorderly approaches to the available markets. It would seem that the unsatisfactory features which existed a generation ago, and which the Financial Agreement was designed to avoid, have returned in a somewhat different form. Latterly there has been an extraordinarily widespread approach to the loan market, particularly in the eastern States, by what are known as semi-governmental authorities. These are in the main public utilities which are given, by Statute, the right to borrow money, often under State Government guarantee. They include electric, water, harbour, and local government authorities. They are not directly subject to the Financial Agreement, but as all are subject to State Government authority, it has been understood in the past that State Governments, through the Loan Council, would arrange and control their borrowing activities. It would seem, however, that inadequate control is being exercised over them. Their approaches to the market have been widespread and often ill-timed. They have overtaxed the market, competitively forced the rate of interest up, promoted a lack of public confidence in their issues, and seriously prejudiced the possibilities of governmental borrowings. They have so prejudiced the market that, although rates of interest have moved upward, those upward movements have not been effective in raising any additional loan moneys. I believe this state of affairs should be remedied quickly, and the volume of semi-governmental borrowing more adequately controlled, or the results may get progressively worse.

During the past 12 months the inflation in costs and prices continued at much the same rate as during the previous year, so that price levels today are just about twice their level at the cessation of World War II. Of that rise nearly two-thirds has occurred over the past two years, the other one-third having occurred over the preceding five post-war years. Honourable members will recall that at this time last year I suggested that there were growing signs of a steadying in certain aspects of the economy, whilst there was a more sober attitude in the community generally, and perhaps some reluctance in buying as a reaction

to high prices. I warned, however, that though all authorities might attack the problem of inflation with the utmost vigour, it should not be imagined that price rises would cease immediately. During the last few months there has been rapidly accumulating evidence that the inflationary situation is easing. The counter-inflationary governmental budget and allied financial measures, the running-down of overseas funds, the stability of export prices, an increasing buyer resistance by consumers, together with various overseas influences, have radically changed the outlook. Whilst cost and price rises have not ceased, or even yet appreciably steadied, we can now anticipate, in the absence of unforeseen extraordinary occurrences, an early steadying of the price spiral. It was inevitable that the governmental measures, and other counter-inflationary influences, should have other effects than upon the price spiral alone. Buyer resistance to high prices, after being unduly long in developing at all, has now tended to develop to a greater degree than the situation justifies. This, together with some unbalanced expansion of industry during the height of the boom, has necessarily led to reductions in employment in some sections of industry. These reductions, and the remarkably rapid development of buyer resistance and discrimination, have led to some fear of recession and increasing unemployment. Whilst I do not deny that a developing lack of confidence can produce a spiralling effect in recession and unemployment, in much the same way as we have had a spiralling of costs and prices, it seems to me there is no justification for such a situation developing, and little danger of it. Actually, it would seem that the employment changes and difficulties, and reduced demands, have been less extreme in this State than in the eastern States of Australia. This is undoubtedly because South Australia previously went to less extremes of demand than these other States, and because of the greater stability in our people and our industry generally. Further, I was most gratified that in the Loan Programme recently put before the House, the Government was able, despite restrictions in funds, to arrange its loan activities so that employment generally did not suffer in this State. The inflation has brought with it many problems, particularly in Government finance, and the prospective cessation of inflation will likewise pose problems. However, the economy of the State is particularly sound. Production and development are proceeding on a relatively high level,

and there is an obvious real need for them to continue upon a high level. Our primary industries are particularly efficient, and make a very large contribution to the high and increasing level of national income. Our secondary and service industries, which have for years been working to their utmost capacity, but facing difficulties through shortages of materials, fuel, and other factors, have latterly given evidence of increased efficiency and greater output per man-hour. The elimination of many bottlenecks in supply has undoubtedly facilitated this increased efficiency, and it has been most gratifying latterly to notice certain industries have been able to absorb increased wage and material costs without corresponding increases in price and charges. The building industry has been particularly noteworthy in this regard.

Respecting development of the State, the Government recognizes that the present time might well be a turning point. The prospects of development are good, and the opportunities for increasing both primary and secondary production, improving productive efficiency, and with them our standards of living, are as great, or greater, than ever. If we can move from the present situation to a period of stable prices and employment, with sober activity and industrious endeavour, there is every reason to anticipate that the economic gains of the past decade will not only be consolidated, but duplicated. I personally have the utmost confidence in the future of the State, and this confidence is based, not upon an easy optimism, but upon the solid achievements of recent years. I have been privileged to present 14 Budgets for this State, and over that period the Government finances have achieved a net surplus of over a million pounds. That period has seen the greatest industrial development and increase in prosperity in the history of the State, which has progressed from one of the weaker Australian States to one of the very strongest. We have, over that period, made a major contribution to the war effort, and, subsequently, changed over our industry to peace-time activity, re-absorbing therein very large numbers engaged in the armed services and war-time production. We have concurrently greatly strengthened basic industries, both rural and secondary, added to developmental works, overcome the worst of post-war shortages, and built, I believe, a solid foundation for future progress. These achievements have, of course, been materially assisted by outside influences and factors. Overseas

demands for our primary produce have been, and continue to be, a major help to rural prosperity. The long continued dollar shortage, though it has in some ways prejudiced the supplies of developmental plant and materials, has not been an unmixed evil as it has protected the non-dollar market for our produce. But, notwithstanding the general environment favourable to economic progress, the greatest factor contributing toward the prosperity of the State has been the effort and enterprise of its people. Looking back upon the achievements over the period I have mentioned, I am at a loss to understand how anyone can regard the future of this State except with confidence. Behind us we see progress, prosperity, and difficulties surmounted. Surely we can expect to march forward to even greater achievements in the future.

I cannot conclude without making a public acknowledgment of how much I, as Treasurer, as well as the Government and the State generally, am indebted to the Under Treasurer and the Treasury Staff for their able services in the conduct of the State's financial affairs. The preparation of this Budget, in itself a work of great difficulty and detail, is but a small part of their contribution. Throughout the year their knowledge and guidance in the extraordinarily wide range of governmental activity has been a very important factor in the State's achievement to which I have just referred. The fact too, that this State has been able to plan its finances in the loan and revenue Budgets, so as to obviate the necessity for any restriction in governmental employment owing to lack of finance, is in large measure attributable to the foresight, experience and planning of the Under Treasurer, Mr. Drew, and the Treasury staff. I feel, too, that I should mention the work of the Government Printer and his staff. This year the Printer has delivered the Audit Report—a work of some magnitude—to the House, and then, within a few days, has finalized the printing of the various Budget papers. This is an achievement of considerable merit, and I should like to place on record my appreciation of the zeal and care which the Printer and his staff apply to the printing of papers to be placed before Parliament. I move the adoption of the first line of the Estimates.

Progress reported; Committee to sit again.

#### ADJOURNMENT.

At 3.25 p.m. the House adjourned until Tuesday, October 21, at 2 p.m.