

## HOUSE OF ASSEMBLY.

Wednesday, October 15, 1958.

The SPEAKER (Hon. B. H. Teusner) took the Chair at 2 p.m. and read prayers.

### QUESTIONS.

#### GOSSAMER WEIGHT WOOL.

Mr. HEASLIP—The following is an extract from an article which appeared in yesterday's *Advertiser*, headed "Our Wool in Top Fashions":—

"The International Wool Secretariat in London gave me a dress length of gossamer weight Australian wool to include in my Australian collection," Mr. Norman Hartnell said. "It's as light as chiffon or cotton—really beautiful—and I will use more of it in my new spring collection in London."

Will the Premier ascertain why this light-weight woollen material is available in London and not in Australian stores?

The Hon. Sir THOMAS PLAYFORD—Yes.

#### KIMBA WATER SUPPLY.

Mr. BOCKELBERG—Has the Minister of Works any further information on the condition of the Bascombe dam at Kimba, which, I understand, he recently inspected?

The Hon. G. G. PEARSON—When I visited Kimba recently to open the Show I inspected the dam known as Bascombe Rocks Reservoir and I formed certain opinions regarding the necessary repairs. At present, without any repair, the reservoir is capable of holding water up to the ground level. About 1,000,000 gall. of storage is provided below ground level. The drains leading into the dam are open and can take the water that flows. From my observations I am satisfied that no water was lost last winter because there is no evidence of any flow having occurred past the dam itself and farther downstream. I have discussed the matter with departmental officers and am expecting a further report within a few days, when I hope to put the work in hand.

#### METROPOLITAN EXPORT ABATTOIRS.

Mr. STOTT—Can the Minister of Agriculture say whether the position at the abattoirs is satisfactory in view of the coming lamb season, whether a glut is likely to occur, and whether the recent amending Act will be put into operation shortly in order to relieve such a glut?

The Hon. D. N. BROOKMAN—Much preparatory work has been done at the abattoirs in order to eliminate killing difficulties

during the lamb season. One of the problems is the training of slaughtermen for the lamb season. Naturally the board cannot foresee what the season will be like, but I was told when I last inquired that it was in a good position to kill in the coming season. Beyond that I cannot give any information, but I will make further inquiries to get the latest position. I cannot say whether the new Act will operate this season, but there is nothing to prevent organizational work from being done under it. What the plans are I cannot say in detail. If I can get further information on this matter I shall let the honourable member have it.

#### ORROROO TOWNSHIP WATER SUPPLY.

Mr. HEASLIP—Has the Premier received any information from the Minister of Mines as to the action to be taken to overcome the difficulties concerning a water supply for the Orroroo township?

The Hon. Sir THOMAS PLAYFORD—I have received the following report from the Minister of Mines:—

Orroroo township is situated on the Walloway Basin, a ground water basin known to contain substantial quantities of usable ground waters. However, the water occurs in a bed of extremely fine sand, such that to date all attempts to develop a supply have failed. This department has knowledge of at least 100 bores in the district, all of which have failed after a few days pumping. Two test bores have been drilled by the Mines Department as follows:—

Bore No. 1 near Pekina Reservoir reached a depth of 250ft. cutting a very small supply (less than 1,000 gallons an hour) of water of a salinity around 130 grains per gallon total salts. The bore was abandoned.

Bore No. 2 situated near the swimming pool was drilled to a total depth of 505ft. A supply of water was cut at a depth of 460-480ft. in exceedingly fine sand, and although there was every indication of a large supply of at least several thousand gallons per hour being present, all attempts to develop the supply, including the use of sand screens, were defeated by the very fine sand. The salinity of the water was around 130 grains per gallon total salts.

Following the failure of Bore No. 2 a proposal was made to the Engineer-in-Chief on June 3, 1958, that a further attempt be made to cope with the difficult sand problem by a method known as artificial gravel packing. This procedure, common overseas, but not yet tried in South Australia to our knowledge, consists of constructing the main bore, say 8in. diameter, and drilling close alongside several pilot bores of small diameter. While the fine sand is being removed from the main bore, fine gravel is poured down the pilot

bore to try and replace it so stabilizing the country around the bore and preventing its collapse or choking up. It was emphasized that this proposal would be quite experimental but could have a reasonable chance of success. The cost was estimated at £4,000.

On October 7, following a deputation from local residents, the Minister of Works expressed support for the proposal submitted to his department by the Director of Mines, and this week Cabinet has authorized the expenditure of £4,000 by the Mines Department. It is expected that the boring will commence within two weeks.

#### HOLIDAYS ACT AMENDMENT BILL.

Adjourned debate on second reading.

(Continued from October 8. Page 1108.)

The Hon. Sir THOMAS PLAYFORD (Premier and Treasurer)—When I was given leave to continue my remarks, I had indicated to the House that provided a certain amendment that I desired to move was acceptable to bank officers' associations and they would so indicate to me, I would be prepared to support this Bill in its passage through this House and, to the best of my ability, through Parliament. Since that time I have received four communications from bank officers' associations—the Australian Bank Officials Association (S.A. Branch), the Combined Bank Officers Five-day Week Committee, the Bank Officials Association of South Australia and the Commonwealth Bank Officers' Association (S.A. Division). Although the letters are not precisely the same, they are in similar terms and have the same meaning, and for the information of members I will read one of them. The others are available if members desire to see them. The following is the letter I received from the secretary of the Australian Bank Officials' Association (S.A. Branch), Mr. W. S. M. Ewing:—

My Dear Premier,

I refer to your remarks on the above matter in the House of Assembly on Wednesday, October 8, 1958, and I have pleasure in advising that the following resolution was passed unanimously at a meeting of the Committee of Management of this branch held at this office on Thursday, October 9:—

“That this committee endorses, without any reservation whatever, the principle as outlined by the Hon. the Treasurer, that the closing of banks on Saturdays be conditional on the opening of the said banks for business on Friday afternoons until 5 p.m.”

The other letters are to the same effect. In the circumstances, I support the second reading.

Mr. DUNSTAN (Norwood)—It is with considerable pleasure that I notice that the Premier has decided to support the second reading, but before it passes there are certain things that I should say about the history of the matter and the reasons the Premier gave for his actions on the last occasion this Bill was before the House. Let me first of all refer to the history of the matter. The Premier has been approached on numerous occasions over a period of years by bank officials to proclaim Saturday a bank holiday, which the Government has power to do under the Holidays Act. Had the Government seen fit to agree there would not have been the slightest need for this legislation, but it did not agree. The Premier did not believe at that time that closing banks on Saturdays was a good thing. After bank officials had discovered, from fairly assiduous petitioning of the Premier, that he could not be moved, they decided to seek to have a private members' Bill sponsored in this House. In this regard they asked certain private members to attend a meeting at which a private member from the Western Australian Parliament, who had been a bank clerk, would talk on the subject. A certain Government member whom I shall not name was invited, and I too was invited. I was there, but the Government member was not.

The Labor Party has always believed in a five-day working week, and in consequence I was able at that time, without needing to consult any members of my Party, to say unequivocally that we would support a five-day working week for bank officers: indeed, an undertaking to that effect had been given to bank officers associations on numerous occasions by the Leader of the Opposition. However, bank officers were still concerned to see whether some Government member would move in this direction, so before asking me to introduce a Bill they approached certain Government members last year. None of them was prepared to do so, so I was asked to introduce the measure, and I said I would, because it was the policy of my Party. I sought the permission of my Party to introduce the Bill, received unanimous support for doing so, and subsequently introduced the measure. Members will remember that last year every member of the Opposition spoke in favour of a five-day working week for bank officials. Many Government members spoke on the subject, but every one of them voted against the proposal.

This year I was again approached by the association and asked to reintroduce the

measure. I expressed the view that there would be some difficulty in fitting in the matter in private members' time this year since there would be a heavy demand on it because of the programme laid down by my Party. However, I said I would seek permission of caucus, which I did, and consequently I introduced this Bill at the beginning of the session to get it on early before some of the other private members' measures I knew would be introduced this session were put on the Notice Paper. After introducing the Bill and making my second reading speech the adjourned debate was set down for the following Wednesday. The Premier subsequently approached me and said that he was not ready as he was still seeking information and he asked me to postpone the measure until he was ready to debate it. It is the normal custom to meet the convenience of members, and as I have had similar facilities extended to me on several occasions I was willing to grant the Premier full time to investigate this matter further. Of course, he had had years in which to do that, but apparently he wanted additional information. I was prepared to put the Bill further down the Notice Paper to give him that time, and in consequence it was no longer at the top of the Notice Paper because other private members' business that I knew would be introduced had subsequently been introduced. I introduced my Bill at the beginning of the session so that it would be at the top of the Notice Paper, but through my extending this facility to the Premier it lost its position. The Premier knew that very well, yet he had the pachydermatous effrontery to come here last Wednesday and say that the Opposition was back-peddalling on the measure. I had given him the opportunity of making investigations.

Mr. Geoffrey Clarke—You said just now that you were pleased that the Bill was being supported.

Mr. DUNSTAN—Yes. I do not know whether the honourable member is going to suggest what is often suggested, namely, that if we continue to talk in a certain vein members opposite will not continue to support us. I do not intend that the Premier shall get away with representing to the supporters of this measure among the public or to any member of this House that what he said last Wednesday was correct, for he knew it was incorrect. He knew perfectly well he had approached me and that I had extended to him a facility. Until last Wednesday he had never told me he was ready to debate this measure, but as private members' time was

getting short I had it advanced two weeks and got it to the top of the Notice Paper because I was determined that there would be time to debate it and that it would be voted on before the end of the session.

Mr. Heaslip—Has the Government ever refused a vote on any private members' business?

Mr. DUNSTAN—It has refused a debate. There have been occasions when the guillotine has fallen, as members who have been here as long as the honourable member well know, which means that certain private members' business has not been debated but only a vote taken in the small hours on the last morning of the session. I was determined that that should not take place but that this measure would be debated and that honourable members opposite would vote on it. I knew, because the member for Light (Mr. Hambour) informed the House and from information that had reached me from other sources, that there had been a certain amount of debate at L.C.L. meetings on this subject.

Mr. Hambour—What is wrong with that?

Mr. DUNSTAN—I think it is a good thing. It has had good results.

Mr. Hambour—Last week Mr. Frank Walsh complained about wasting time on private members' day, but that is what you are doing now.

Mr. DUNSTAN—On the contrary, I am clearing up a false situation that the Premier created by his statements last week when he knew that what he was putting forward was not the position. He knew perfectly well there had been no back-peddalling by members of the Opposition on this issue and that the only reason this measure had been put further down the Notice Paper was that I had given him a courtesy he had asked for. Apparently, however, he was not prepared to give a courtesy to me in relating the circumstances of this matter to the public supporters of this Bill and to members. That was playing politics pretty low, and apparently the Premier knows how.

Let me turn for a moment to what the Premier said last week, because it was a most extraordinary speech. In his usual fashion he had two bob each way. Previously his two bob each way went thus: "I think bank officials are marvellous people who have done a great service to the community, but I cannot give them the facility of a five-day working week which is enjoyed by most people in the community." Last week he said in effect,

"I am so concerned for the public that there is this, that and the other reason for not giving bank officials a five-day working week, but I think they are so wonderful I will give it to them." This was a most extraordinary procedure. I have a pretty shrewd idea why it was adopted. The Government could have proclaimed Saturday a bank holiday without the necessity of my introducing this measure. However, I have introduced it and it will be supported by this House. Not only is it going to mean an improvement of working conditions for bank officials in South Australia, but it may well mean a great deal to bank officials elsewhere in the mainland States of the Commonwealth, and for that reason - feel it necessary to devote some time to what the Premier said last week in support of his view at the opening of his speech that there should not be a five-day banking week, although at the end of his speech he supported it.

The Premier commenced by saying that he had investigated the situation and discovered that in certain banks very heavy business was in fact done on Saturday mornings. In trading banks that is not the case in the city. Not a great deal of banking business is done by trading banks on Saturday mornings and that is why I asked the Premier what the position was in the State Bank because, as the Premier well knows, not much banking business is done on Saturday mornings at all by the State Bank. It is quite true that at the moment much Savings Bank business is done on Saturday morning, but I do not believe for one moment that that business could not be conveniently transacted at some other time of the week. The Premier stressed that in his view there was a great need for opening Savings Banks on Saturday mornings in order to make overseas remittances. A good deal of overseas remittance business is done in Savings Banks on Saturday mornings, but it is done because the people involved do not take advantage of the facilities offered to them by banks for making advance arrangements for remittance business. They may make a regular arrangement for this without the necessity for them to be at the bank on Saturday morning at all, and that would cope with the vast majority of remittance business on Saturday mornings, so there would be no need for banks to open then for that business.

Then the Premier gave a fairly lengthy discourse on the volume of retail business done in the city on Saturday mornings. If we can judge from newspaper statements, retail businesses in Adelaide are somewhat concerned

about Saturday morning closing by banks, but the reason is not that they will lack customers on that morning. How many of the people who do cash business in Rundle Street on Saturday mornings go to their bank between 10 and 11 a.m. to get money to do that business? I think not 5 per cent. The average person who does cash business on Saturday mornings in Rundle Street does not take one hour out of the shopping morning to go to the bank. He gets the money during the week if he needs to in order to make a cash transaction. A time-payment transaction, of course, does not require him to go to the bank, and a considerable volume of retail business is done in this way on Saturday mornings. Of course, we do not need to have the banks open on Saturday mornings to carry on any large volume of retail business in Rundle Street. I believe the Rundle Street traders have been opposed to the move, not for the reason they have given publicly, but because they fear that if bank officers are given a five-day working week an application may be made to the Industrial Court for a five-day working week of 40 hours for retail shop assistants. They do not fear their trade will fall off on Saturday mornings if the banks are closed.

The Premier said I would let the agencies do the work for banks on Saturday mornings so that this work would be taken off the shoulders of bank officers. However, I have not discovered any great upset amongst bank agencies. I have not heard one agency business—and I have many in my electorate—say it does not like this Bill. The holders of agencies from the Savings banks do not fear the Saturday morning closing of banks. They are happy to get the extra profit from banking business on Saturday morning. How many members have had complaints from agencies about this Bill? I have not heard of any.

The Premier said that postal workers object to the measure. I am the solicitor for the Amalgamated Postal Workers' Union, South Australian Branch, and I am in constant contact with the secretary, but there has been no complaint from postal workers about the closing of banks on Saturday mornings or about any extra work that they may have to do. Then the Premier said that Government services have to be carried on over week ends. Of course, it is essential for undertakings such as the Electricity Trust to require their employees to work at week-ends, but they work shifts, and they have a five-day working week. Again, certain tramway officers work at week ends, and so do hotel workers and Fire Brigade

officers, but they all get a five-day working week, and I think the Fire Brigade officers get better than that.

We on this side of the House insist on bank officers being placed in a comparable position with people in comparable occupations in the Government service, and who are they? They are Government office workers. The Premier did not mind closing down the Housing Trust's offices on Saturday mornings. People cannot go there and transact Housing Trust business at that time, though they can pay their rent at an agency office, and the Premier did not seem to mind putting the burden on the shoulders of the bank officers concerned regarding the payment of Housing Trust rents on Saturday mornings.

Mr. Hambour—It seems to me that you must have arranged for the banks to be closed this afternoon.

Mr. DUNSTAN—I have not, but I am pleased that several people in the industry are in the gallery this afternoon. None of the points the Premier brought up was a valid reason for the refusal of a five-day week for bank officers, but, of course, the Premier was beating a retreat. Talk about back-peddalling by members of this side of the House! The Premier himself has been back-peddalling for about five years on this matter, and having got himself into extremely difficult and rough country he decided to freewheel back on the momentum given this measure by the Labor Party, and support the Bill. He was protesting all the time that he really wanted to go the way he originally went, but felt impelled to come our way. I wonder why. I think there is a circumstance in the offing that has something to do with it. Next March honourable members will face their masters, and the Premier has been somewhat concerned about the situation with which he is faced. Some of his members who are in what Mr. Johnson, M.L.A., Western Australia, would call "vulnerable territory," have become more than a little concerned about the sheafs of correspondence coming to them from the bank officials' associations and the Salaried and Professional Officers' Association of South Australia supporting this measure.

Mr. Jenkins—What humbug!

Mr. DUNSTAN—It is not humbug. The Salaried and Professional Officers' Association supports this measure. Although members opposite at first did not think this was something to get upset over, it was strange to see how they changed their views from last year, though I am pleased to see that. I am pleased that they feel they have to be in some degree

responsive to the wishes of the people who put them here, and I am pleased that the members of the Australian Labor Party have given me unanimous support on this Bill so as to give bank officers the benefit to which they are entitled on the basis of the Labor Party's policy. I am pleased that all members are prepared to support the second reading.

The Hon. Sir. THOMAS PLAYFORD—I ask leave to make a personal explanation.

Leave granted.

The Hon. Sir THOMAS PLAYFORD—The member for Norwood said that I had asked him to hold up this Bill. The facts are that I did say to the honourable member "I am not ready to go on with it this afternoon as I am calling for a report." However, the Bill was not called on for debate as scheduled, and I did not ask him to hold up the Bill indefinitely, much less drop it to the bottom of the Notice Paper, and the honourable member had the right to go on with it at any time he liked.

Bill read a second time.

In Committee.

Clauses 1 and 2 passed.

Clause 3—"Bank Holidays."

Mr. SHANNON—Some remarks made by Mr. Dunstan should not be allowed to pass without comment from members on this side. He made it obvious that he accepted the Premier's move in a mood that disclosed he still saw political capital for himself.

Mr. Dunstan—I was delighted.

Mr. SHANNON—If the honourable member expresses his delight in that way then God forbid that I should hear him when he is vitriolic. He was sufficiently intuitive to admit that there are politics in this matter.

Mr. Lawn—Of course, there are no politics on your side in accepting it.

Mr. SHANNON—Do not forget that I did not raise this issue.

The CHAIRMAN—Order! The honourable member must confine his remarks to the clause.

Mr. SHANNON—Mr. Chairman, I want to refer to the same matters as did Mr. Dunstan. He made it clear that an important event is to take place in March 1959, upon which this matter of Saturday morning closing of banks will have some impact. If this is the way Parliament is to approach legislation, then Parliament has just about finished its run. Parliament will not run for much longer if there is only the one objective—to curry favour with the voters irrespective of the merits of the case.

Mr. Coreoran—What about the 5-day working week?

Mr. SHANNON—I know that Labor Party policy is to have less work for more money in less time.

Mr. Fred Walsh—You believe in longer hours with less pay.

Mr. SHANNON—I am in favour of our surviving in a highly competitive world.

Mr. Fred Walsh—How does that affect this matter?

Mr. SHANNON—If I interpret the position correctly, this is another step along the road towards less work for the same pay, whereas the world at large is going in the opposite direction. I do not want Mr. Dunstan to be able to charge us with having an eye on March, 1959, which he said clearly was one of the reasons why he introduced the Bill.

Mr. Dunstan—Because it is our policy.

Mr. SHANNON—The honourable member mentioned March 1959, and referred to “vulnerable territory.” This is undoubtedly a political move without any regard being had to the real merits of the case. Mr. Dunstan may discover later that a number of people have not been considered in this matter. I refer to the people who go to the bank to transact business sometimes 5½ days a week, including Saturday mornings. If we are to wrap things up in this way in order to curry favour with people who may vote for us then heaven preserve me from ever getting into that state of mind. I deplore such action. It tends to bring this House into obloquy. In view of the very doubtful way in which the matter has been approached by Mr. Dunstan I have no doubts that the matter will be made a political issue in 1959 by him. I feel that it would be better to fight the matter on its merits and let the people say what is the best thing to do. Let the rank and file of the public know that there is a small clique of people prepared to throw money into a common fund for this purpose, and it may not be such a winner as Mr. Dunstan thinks it is.

Mr. HAMBOUR—Mr. Dunstan said that I said this matter had been under discussion by the L.C.L. for some weeks. As a matter of fact, this matter has concerned me for a much longer period. I believe the proposal will be acceptable to the community and I am prepared to give it a try.

Mr. Shannon—How many people really concerned have you consulted?

Mr. HAMBOUR—I have not consulted anyone, but I have been consulted by several people, and I think it is my duty to express my views on the matter. I believe the bank officers are entitled to an opportunity to prove that they can serve the public in a five-day week, on the condition that the banks remain open until 5 p.m. on Fridays, and as yet that is not certain. However, when this legislation is passed they will have to stand the test of public opinion as well as their own consciences. If the change is not satisfactory I shall be one of the first to move that they return to work on Saturday mornings, because they have a service to render the community, and I know that they as responsible citizens are prepared to provide it. I am prepared to give them the opportunity to show they can serve the community in a five-day week.

Mr. LAWN—The member for Onkaparinga (Mr. Shannon) would have us believe he is much concerned about the rank and file of the public. They are in the main the ordinary workmen who last century and early this century worked six full days a week. The Liberal Party was never interested in how these people did their purchasing or banking. The Liberal Party in Australia has always delayed progress as much as possible, and the Government has decided to agree to this measure only because of the forthcoming elections and because of the results of two recent by-elections. We are doing nothing but support the principles for which the Labor movement fought last century. The member for Light (Mr. Hambour) had the audacity to say that if this legislation did not prove successful he would be one of the first to move that bank officers work on Saturday mornings again. He would never do that; if there were any need we would see that the ordinary working man worked 4½ days a week instead of asking bank officers to work on Saturday mornings.

Clause passed.

Remaining clause (4) passed.

New clause 1a—“Commencement of Act.”

The Hon. Sir THOMAS PLAYFORD—I move to insert the following new clause:—

1a. (1) This Act shall come into operation on a day to be fixed by the Governor by proclamation.

(2) A proclamation bringing this Act into operation shall not be made until the Governor is satisfied that arrangements which will operate generally throughout the State have been made and will be carried out for keeping

trading banks open until 5 o'clock p.m. on every Friday which is not a bank holiday.

(3) If, after this Act has been brought into operation, arrangements as mentioned in subsection (2) of this section cease to operate the Governor may, by Proclamation, declare that the principal Act shall hereafter have effect as if this Act had not been passed.

A copy of this clause was conveyed to the Bank Officers' Association in its present precise form, and copies were sent to bank managements through another member of this House for their consideration. One of the statements made about this legislation was that, owing to the particular circumstances of banking, banks could not, if they desired, close on Saturday mornings, because they were compelled by law to open unless Saturdays were proclaimed bank holidays. This is a Commonwealth law over which, of course, we have no authority. It was also stated that, if banks had the opportunity to close on Saturdays, they would do so. My first thought was that probably the best way to give banks a chance to deal with this matter was to give them a power to close, and I suggested this course to bank managements, but they immediately produced an official-looking opinion, which I have no doubt is good law, that had been obtained in connection with the Tasmanian Act. This document stated that it is not possible to give the banks the option of closing on Saturday mornings, as they can close only if there is a bank holiday.

Speaking on this matter last week I said I believed there was a necessity to give the public a service on Saturday mornings. I believe there is a demand for this service at the week-end; I have not altered my view, notwithstanding an attempt to make some political capital of this matter. On the other hand, I realize that we do not make some other people stay open if they do not desire to do so, and any storekeepers or firms can close if they wish. If members analyse the new clause they will see that it places the obligation on the banking industry to decide whether banks will open on Saturday mornings. It will not be obligatory to close; the obligation is on the industry, as banks cannot close unless they make some other provision for serving the public.

I have heard a lot about the Labor Party policy of a 40-hour week of five days, but not long ago in a country town there was a determined move to close shops on Saturday mornings. It was said that all shops that did not close would be blackballed, but the movement broke down because prominent unionists

who were heading a campaign were sneaking around to shops in back streets to get service themselves.

Mr. Jennings—What has that to do with the Bill?

The Hon. Sir THOMAS PLAYFORD—It just shows whether some of the statements that have been made are sincere. I did not desire to protract the debate this afternoon because—and I say this advisedly to the member for Norwood—the measure will not be made acceptable in another place by engendering party political strife over it, nor will it be made acceptable there by stonewalling it here.

Mr. STOTT—The amendment refers to trading banks being open until 5 p.m. on Fridays. Does that include the savings banks?

The Hon. Sir THOMAS PLAYFORD—If trading banks are open until 5 p.m. on Friday and a bank holiday is declared for Saturday the savings banks must close on Saturday. I doubt whether the savings banks would agree to be included because they have expressed considerable opposition to closing on Saturdays. The new clause deals with trading banks, but savings banks will have to conform because if a holiday is declared for banks on Saturdays they must close.

Mr. DUNSTAN I am glad Mr. Stott raised that point, for I was doubtful about the precise meaning of the clause. My remarks this afternoon would not have taken the turn they did had not the Premier made certain remarks last week. I have not in any way tried to stonewall the measure. It is now a few minutes after 3 p.m., and the debate came on this afternoon at 2.15. The Bill is almost through the Committee stage now, so there has been no holding up of the measure. I want to have it expedited, and no member on this side of the House wants it held up. My whole concern is to get something done for bank officers in accordance with the policy on which I was elected to Parliament.

New clause inserted.

Title passed. Bill read a third time and passed.

#### HIRE-PURCHASE AGREEMENTS ACT AMENDMENT BILL.

Adjourned debate on second reading.

(Continued from October 8. Page 1128.)

Mr. HAMBOUR (Light)—I have given this Bill some consideration and, in my opinion, the best part of it is the title, for it will give the House an opportunity to discuss the most vexed

question of hire-purchase. It will not be easy to solve, but it is the responsibility of every member to give this Bill his earnest consideration, though I cannot see how it will deal satisfactorily with the problem. Clause 4 states that the accommodation charge, expressed as a flat percentage, is not to exceed the bank overdraft rate plus two. That allows a maximum interest rate of eight per cent flat, but the next clause refers to a schedule which deals with an interest rate of about  $4\frac{1}{2}$  per cent flat. Clause 4 will not apply unless the hirer defaults in the matter of time in making his payments. If he defaults by one day, instead of paying interest at  $4\frac{1}{2}$  per cent flat, he must pay at eight per cent flat, which is almost double the rate. I believe the Leader of the Opposition wants to bring down the interest rate to a reasonable figure, yet he inserts a clause such as that.

The problem of hire-purchase is not a new one. I understand that hire-purchase businesses started to develop in 1918, and it gradually increased with the increase of purchases of motor cars and household utilities. In 1941 the Federal Government appointed a Select Committee to examine hire-purchase business, and it brought down a voluminous report. It dealt with every aspect, and I think members opposite would be impressed with that report because one member of the Select Committee was the Rt. Hon. J. B. Chifley. In 1941 the volume of hire-purchase business was about £23,000,000 annually but today it has reached the gigantic proportion of about £300,000,000. The term "hire-purchase" is a misnomer, for this business is really money lending. Hire-purchase companies do not say they are lending money, but hire the goods and when the hirer has made a certain number of payments the ownership is transferred to him. In some cases the retailer handles the hire-purchase accommodation, but usually it is handled by finance companies. Before the goods get to the consumer they pass through various channels, perhaps from the manufacturer to the wholesaler, or even direct to a dealer, then to a retailer before getting to the customer. When a customer goes to a hire-purchase company for finance another margin of profit is involved, so hire-purchase is a cumbersome method of distributing goods. I admit that hire-purchase has some advantages, though I stress that I have no personal interest in this business. I was brought up in a humble family with conservative views, and it was the policy of

my parents not to let me have anything unless it was paid for, but today that principle is old-fashioned.

Mr. John Clark—Nevertheless, it is a pretty sound principle.

Mr. HAMBOUR—It is, but today we are asked to protect people against any exploitation. I am all for protecting people if possible, but I doubt whether we can legislate to protect them completely. However, we should clarify the position so that the purchaser, or the hirer, will know precisely what he is doing and what he is paying. Contracts for the purchase of goods are not always as clear as they should be. In some cases the hirer does not become the owner of the goods until he has made his final payment, and in others the hirer can get out of the contract after making a certain number of contributions. I believe that often the hirer is not aware of the terms and conditions of the contract. He merely enters into the contract and makes his payments, but the number of dissatisfied hirers is not as great as we are led to believe. Its continuance proves that the people buy and pay, completely oblivious of what they are doing, whereas if they read the document properly they would know.

Mr. Shannon—They would not know what it ultimately cost them.

Mr. HAMBOUR—Yes, and I will suggest something that I think will improve the position. It will be said that the banks have entered into the hire-purchase business with all the money they can devote to it. They did lend money on overdraft for the purpose, but in recent years they have taken up shares in finance companies. The 1941 report shows that these companies handled 57 per cent of the £23,000,000 worth of hire-purchase business and showed a profit on their investment of about 13 per cent, which is a handsome return. No-one objected then to the return because it was not of great magnitude. In the finance companies of those days shareholders' funds supplied 58 per cent of the money needed and the other 42 per cent came through bank overdrafts. I do not believe that is the position today. I believe the banks have dissociated themselves from hire-purchase business except that they operate completely separate undertakings. It is said that the banks are devoting their funds to hire-purchase business when they should be devoted to other matters. I do not know whether that is true, but the banks are bringing additional shareholders' money into the business. The



following recommendations are contained in the 1941 report:—

75. If in Australia the hire-purchase terms were altered by increasing the deposit and/or reducing the period for payment it would greatly curtail the volume of transactions and might lead to unemployment in certain manufactures unless or until they were absorbed into war requirements.

76. If restriction of hire-purchase terms could be brought about without unduly interfering with the present channels through which the business flows it would appear to be the wisest course, as these channels would be better left more or less intact to take up the stream of business in peace-time and help to tide over any difficult period.

The next paragraph 77 is significant and deserves to be specially noted by Opposition members. It deals with charges and says that the average flat rate per year for new motor vehicles was 7.3 per cent, used motor vehicles 8.5 per cent, tractors, shovels, scrapers and the like 8 per cent, agricultural equipment (excluding tractors) 7 per cent, industrial equipment, 7 per cent, domestic appliances (excluding refrigerators) 7.2 per cent, refrigerators 7.2 per cent, furniture 10 per cent, wireless and gramophones 9.6 per cent and pianos 5.7 per cent. These rates are about the same as are charged today. For instance, on new motor cars the flat rate is now 6 per cent, whereas in 1941, when the bank rate was 5 per cent the flat rate on motor cars was 7.3 per cent. The interest rates recommended by the committee are not excessive when compared with present day rates.

Mr. John Clark—The volume of hire purchase business is much greater today.

Mr. HAMBOUR—Yes.

Mr. John Clark—That could affect the interest rate.

Mr. HAMBOUR—Yes. It could bring it down. I understand Opposition members want to bring the interest rate down still further, and I do not altogether disagree with that. The report continues:—

78. The finance charges are not usually regarded as interest, but if the repayments are made in regular weekly or monthly instalments the charges as an effective rate per annum on the unpaid balance would be slightly less than double the rates quoted above.

This means that where there was a flat rate of 10 per cent, the actual rate was about 19½ per cent. The Bill indicates that a flat rate of 8 per cent will be accepted, so it condones an interest rate of about 15½ per cent. The Leader of the Opposition dealt at some length with insurance in connection with hire purchase business, and to some extent I

agree with what he said. The report states that interest rebates were as high as 33 per cent. A rate of 15 per cent is given to any agent, 25 per cent to some agents and up to 33 per cent in certain circumstances. This is a matter to be seriously considered. It seems improper that a finance company should be able to charge a flat rate of interest on insurance premiums that are not fully paid up. For instance, if an article is to be purchased over a period of 3 years and there are three insurance premiums it cannot be said that the three premiums are paid in the first instance, so why should the interest be charged on three premiums? It should be charged only on one premium at a time. Is a finance company a trader or an agent, or does it simply lend money? I think it only lends money. The Premier told me earlier in the session that he would attend a conference on hire purchase business if one were called. About a fortnight ago the Prime Minister said that a conference was most desirable, but that he felt there should be some basis on which to work. The 1941 report, in referring to a basis, said:—

133. The finance charges as set out in paragraph 77 are not unreasonable and there appears to be sufficient free competition among the finance companies to act as a brake on excessive charges. There was some evidence of occasional higher charges.

134. Any fixation of rates could not conveniently be made on the basis of flat rates for each year as these vary considerably in practice according to the intervals of the instalments, as mentioned in the footnote to paragraph 77.

This paragraph dealt with a set pattern, something like that suggested by the Leader of the Opposition. There is only one way to deal with this matter and it is to completely eliminate the use of the word "flat." There should be only a simple interest rate or an interest that is paid on the balance of the money owing. On this matter the report said:—

135. To meet this it could be laid down that the added charges expressed as a true rate of interest per annum on the unpaid balance shall not exceed rates as may be specified. Suggested rates for this purpose would be furniture and wireless sets 20 per cent, motor vehicles used 16 per cent, and other goods, wares and merchandise 15 per cent.

The report was signed by Messrs. W. H. Chancellor, G. S. Colman, J. B. Chifley, and M. J. McMahon. These men spent much time in considering this matter and their recommendations should be seriously reviewed. The legislation on hire-purchase business passed

by this House is incorporated in the Money-lenders Act, and it gives any hirer the opportunity to go to the court to have his contract upset if the court decides that it is not fair and reasonable. Perhaps it has been thought too expensive to do so, but the provision has never been put to the test. I think it should be included in legislation dealing specifically with hire-purchase business. I do not like any part of hire-purchase but I am honest enough to admit that it is part of our way of life and we have to put up with it. Many people are given the opportunity to purchase goods in this way and it is therefore responsible for compulsory saving by them. It leads to a wider distribution of goods and maintains a higher level of production, but it can do much harm. I believe that goods should be purchased within one's income. Hire-purchase gives an artificial security for the hirer. I wonder how many people who indulge in hire-purchase feel secure about it, and whether they feel that they will be able to meet their commitments if they lose their job or become sick. We must have thousands of people who are worrying about their commitments under hire-purchase. We also set up an artificial level of production. I wonder how happy are those in the producing field when their goods have to be sold under hire-purchase? If we should get a really bad season I wonder what will happen to all those committed under hire-purchase and to those employed in manufacturing the articles sold under hire-purchase? I do not think any honourable member will deny that hire-purchase has been responsible for a higher rate of interest. It has set a standard which the Federal Government, through the Loan Council, has had to follow; and anyone seeking money for public utilities must pay increased interest rates because the public can invest in these finance companies which are offering 6 or 7 per cent. Such operations have resulted in increasing the rate of interest. If anyone wants money today he must pay  $5\frac{1}{2}$  or 6 per cent for it, and this is making it difficult for our housing schemes and the general development of the nation.

It may be asked what would happen if hire-purchase sales were restricted. There would probably be temporary unemployment, but would it be impossible for our manufacturing industries to fill the gap by doing what the primary producers had to do and export their surplus production for a short period until this thing was brought into proper perspective? Production and consumption today are not

normal. We are mortgaging the future with consumer goods. I believe that hire-purchase finance should flow into capital development, and to me capital development is the very essence of the maintenance of Australia as an independent nation; otherwise capital development will be over-run. I know that that is a broad statement, but the capital development taking place is not sufficient in the face of the millions to our north. They are making a much bigger effort than we are, and we shall have to devote ourselves more to development, and in that the cost of money plays a most important part. If it is really stripped, hire-purchase is only a method of selling goods. Prior to hire-purchase the customer went to the seller and if he were credit-worthy he would be given 30 days, or perhaps 60 days, in which to pay. No interest would be charged and  $2\frac{1}{2}$  per cent discount would be allowed on payment. What happens today? The retailer is happy to sell to the hire-purchaser. He gets the total price unless he is dealing with a usurer finance company that wants a rake off. Legitimate finance companies are doing everything above board, and ultimately pay 100 per cent to the retailer. Then in turn the finance company really starts to do business. If it is transacted at 8 per cent flat the company is duly returned  $15\frac{1}{2}$  to  $15\frac{3}{4}$  per cent. If an insurance policy is involved the company will collect three years' premium in advance and get interest on the three years when it should be collecting only on one year at a time. It would also receive a commission. The bulk of these receive 20 per cent commission, although some may receive 30 per cent, and those engaged in a big way would receive up to  $33\frac{1}{3}$  per cent. They not only collect interest on the total amount of the premium, but also interest on moneys they have not paid, which would be the commission they would receive on the insurance policy.

I realize it would be within the bounds of a finance company handling certain goods to pay a dividend of 20 per cent if it liked to be tough enough. I do not say that that applies to all of them. They may receive 8 per cent or 10 per cent flat, make a profit on insurance and also demand a commission from the seller, and then they can really make money; and that is being done in some cases. I want to be fair and say that most of the reputable finance companies do not indulge in these practices, although they do handle insurance. In my opinion hire-purchase could be brought down to the level where the finance companies were

in a position to pay their shareholders 6 per cent or 7 per cent, but not 12, 13 or 14 per cent. The rate of interest to be charged on hire purchase goods should be commensurate with the return to shareholders in the finance companies (6, 7, or 8 per cent), because they can get such a dividend on investments. I believe that interest should be charged only on the net amount of money put up by a finance company, and not the gross amount. Whatever they paid for the cost of the goods and whatever the net amount paid for the insurance, that should be the maximum amount on which the companies are allowed to charge hire purchase rates of interest. The hirer's equity in the goods should be protected and there should be a deposit. It is wrong that people should be able to walk into a shop and take something away without making a contribution toward it. The deposit should not be less than 10 per cent. If a purchaser cannot make the first instalment on receiving the goods he will find it mighty hard to make the next payment.

The question of re-possession is a difficult one. We have people selling clothing on hire purchase, but I do not know how they could make a re-possession because the goods would be no use even if re-possessioned. I know of one hire purchase company which is not interested in the re-possession of certain articles and it lodged a prosecution and demanded its pound of flesh through the ordinary course. If that procedure is adopted by hire purchase companies in one direction, why should it not be adopted generally, instead of this rigmarole of having a hire purchase agreement? Why not let the seller rely on the existing procedure of issuing a summons or a warrant of execution for recovery of his goods? I have an unfortunate case in my home town where I had to make arrangements for a man to be declared bankrupt because of sickness and hire purchase operations. The amount involved was £473, more than half of which was owing to hire purchase. This man's wife had been stricken with polio and he had bought her an electric sewing machine. He paid £12 down, but because of her illness she could not use it and it was re-possessioned. The husband was prosecuted and at the time of his insolvency he was owing £43 14s. on the machine; so although he did not have the machine, which had not been used, he still had to pay the £43 14s. That is the kind of thing I want stopped. It is our responsibility to see that these leeches are stopped from doing such things. If we are to look

for the real answer to the question we can forget the words "flat rate of interest."

Mr. O'Halloran—That is scarcely mentioned in the Bill. We refer to accommodation charges.

Mr. HAMBOUR—I humbly apologize to the Leader. I have not said much about his Bill, but it has given me an opportunity to say what I wanted about hire purchase.

Mr. O'Halloran—And you have said a few very wise things, too.

Mr. HAMBOUR—I feel strongly about hire purchase and contend we have to find a solution; and I think that the only solution must be embraced by all States, because any Act would be effective only in the State in which it was enacted. I believe it is the earnest wish of all States to get together on this question and deal with it not on a flat rate of interest basis, but on a simple rate of interest basis. I cannot see why our trading banks could not deal with the question. I am sure that if they set up hire purchase departments and a rate of interest were charged on overdraft balances the Central Bank, which is their master, would allow them to charge an additional two, three or four per cent, which I think would be necessary to enable them to handle small business with any degree of profit; and I do not think that any honourable member wants to deny them a profit. I believe that if we could get hire purchase into the hands of the private banks under the control of the Central Bank we should have the answer. If a man owed £100 and paid some of that amount off, he would be charged interest only on the day to day balance. The question of credit-worthiness would come into it. If a hire-purchaser's credit-worthiness was not good, he would get nothing.

Mr. John Clark—He would have to be very bad.

Mr. HAMBOUR—It has been said by the big hire-purchase people in this State that their losses are less than 2 per cent. If we gave an additional margin of profit to the private banks they would be able to stand such a loss and still give the public much better treatment than they are getting today. I believe that interest on the balance owing is the only answer and we shall have to be big enough to allow more than ordinary banking rates of interest. They should be allowed to charge 10 per cent interest on the balance.

Mr. O'Halloran—Have you any theory as to how you would make the necessary computations?

Mr. HAMBOUR—That could be done by the bank officers. They have all the necessary machinery to deal with interest on balance. There are many people who conduct their everyday business, such as the payment of meat and grocery bills, on daily accounts. The banks have to deal with these accounts day by day and charge interest on the balance, but in hire-purchase business that is not done, as everyone is in for the kill. This is most damaging to the economy. I oppose the Bill.

Mr. LAWN (Adelaide)—I was pleased to hear the remarks of the member for Light (Mr. Hambour). On a previous occasion I said a deposit should be paid on hire-purchase transactions, and later I will give additional reasons why I think this is so. Payment of a deposit would stop the actions of certain disreputable hire-purchase firms. I was pleased to hear Mr. Hambour refer to the simple interest methods adopted by the banks: whatever he may do on the Bill, it was refreshing to hear a member opposite say that he believes in the same thing as I do. I shall now refer to certain things the Premier said last week on this Bill. Early in his speech he said:—

In other words I think this House might be well disposed not to pass it. The Acts Interpretation Act states that all legislation should be remedial, but I do not think this Bill remedies anything: I think it could do much harm.

When I place some information before the House about what has happened in some hire-purchase transactions, it will be obvious to any impartial person that the Bill is remedial. However, the Premier always trots this argument out whenever he is opposing an Opposition Bill. He went on to say:—

We frequently hear criticism of hire-purchase, and invariably from the Opposition. I am certain that but for hire-purchase we would not have nearly as good a standard of living or standard of employment as we have and I believe we would have more industrial unrest. . . . A Party cannot change the Government unless it creates dissatisfaction. It cannot change the Government whilst everybody is doing well, is prosperous and has a high standard of living.

There is no intention on the part of the Opposition to oppose hire-purchase. We have never attempted to oppose it or to take steps to eliminate it, and this Bill does not do that. The Premier also said:—

If there are any wrongs or unfair practices arising from hire-purchase we should take steps to ensure their elimination.

That is what the Bill does to some extent, although it would not eliminate all unfair

practices because, as I said earlier, I think it should provide for a deposit. However, it goes some of the way towards preventing unfair exploitation. There is an Act in New South Wales dealing with hire-purchase. Last month the Victorian Government introduced a Bill into the House of Assembly to control hire-purchase, and this month the Opposition in that State introduced a similar measure in the Legislative Assembly. The Labor Party has introduced this measure in South Australia, and a request has been made by the Premier of New South Wales that all State Premiers attend a conference on this matter. Despite the Premier's criticism of this Bill, he tells us he has replied to the effect that a representative of this Government would attend such a conference. In view of all these things we can rest assured that there is an agitation for something to be done. As a businessman, Mr. Hambour would be actively associated with hire-purchase and would therefore know more about it than I, and we have all heard what he had to say about it. The Premier also said:—

If there are any undesirable implications in hire-purchase, we shall be happy to consider them.

I hope before this debate is concluded he will change his mind, because we will certainly draw his attention to undesirable implications. He also said that an expert could not understand the formula set out in the Bill, but it is simple to a layman. *Hansard* reports that the Leader of the Opposition interjected, "Have you a report from an expert on it?", to which the Premier replied, "Yes." The Leader then asked if he would produce it, and the Premier replied, "I may." On a previous occasion he said he had submitted a formula similar to this to the Public Actuary, but this was done only a few minutes before 1 o'clock, and naturally the Public Actuary could not understand it in the time. Although the Premier accepted the Public Actuary's opinion on that occasion, on this occasion he said that he had obtained a report from an expert, and although when asked to produce it, he said he might, he did not do so. Obviously, the expert's opinion was favourable to the formula set out in the Bill. Later, the Premier said:—

I have taken the trouble to obtain some forms concerning, I think, every hire-purchase company operating in South Australia. They set out what the public will be paying in terms that are understood by the consumer much more clearly than anything that will be effected by the Bill, because I doubt very much whether anybody would ever know where he was in the transactions involved there.

I shall prove that that statement is not correct, for hire-purchase agreements do not set out the various items. The Premier continued:—

Generally, I believe that the opposition to hire-purchase created by members opposite is completely unjustified; it is not in the interests of the people they are here to serve.

I will accept the challenge to prove that our opposition is not unjustified, and is in the interests of the people we are here to serve. The Premier also said:—

If members will look at the standard agreement—

There is no standard agreement; that shows the Premier's lamentable **lack of knowledge**.

Mr. King—You can buy one down the street from any stationer.

Mr. LAWN—I have several forms of agreement here, and no two are alike. In fact I have two forms from one company and they are different, so why refer to a standard agreement? The Premier said:—

If honourable members will look at the standard agreement they will see that what are so frequently termed interest rates are in point of fact not interest rates at all. They involve a considerable number of other charges associated with hire-purchase..

Some agreements group stamp duty, interest and other charges as one item without setting out how they are made up. The Premier then referred to the clause in this Bill relating to the declaration by the Commonwealth Bank of the rate of interest, and said:—

Whatever the interest charges, those provided by the Leader of the Opposition in his Bill cannot be worked out because they are based upon a rate of interest which he says is declared, but in point of fact it is not declared. It is based upon a rate of interest that has no validity whatever.

The Associated Banks confer with the Commonwealth Bank, and a rate of interest is arrived at. This is the rate that is applied by the Commonwealth Bank and trading banks until it is altered. Whether it is fixed, determined or declared, does not make any difference, as we all know what it is. Mr. Hambour referred to the present rate of six per cent, and we all know this is the rate. The Premier knows a rate of interest is fixed by the trading banks in conjunction with the Commonwealth Bank. I shall now deal with some of the agreements, and the first I have is from the Finance Corporation of Australia. This agreement provides:—

Initial payment, cash.—£310.

Trade-in allowance.—Nil.

Total initial payment.—£310.

Period of hiring.—36 months.

Payments from date hereof.—Amounts of

£12 13s. payable in 36 monthly payments, the first payment to be made on 3rd day of October, 1956.

Total rent payment.—£455 8s.

Under this agreement the hirer paid £310 and borrowed £300, but there is no reference to the amount he borrowed or to the interest, stamp duty or any other charges. It refers to the initial payment he made, and then states that there shall be 36 monthly payments of £12 13s., with a total of £455 8s. An insurance statement was issued showing that the car was insured for £380 for the first year, £340 for the second year and £290 for the third year, for a total premium of £67 12s. To obtain the amount of interest and other charges one has to deduct from the total of £455 8s. the insurance charge of £67 12s. and the amount borrowed.

Mr. King—Don't tell me you are going to use some notes?

Mr. LAWN—I am, because although I know the facts, I want to give the exact figures. The total charges of £87 15s. include interest at the rate of nine per cent flat. I know this because subsequently the hirer was able to get a bank to take over the finance. He rang the company to know what it would take in settlement, and on asking the rate of interest he was told it was nine per cent flat. He asked the rate of interest that would be allowed off the balance owing, and was told that it would be calculated as simple interest. The interest rate is not disclosed in the agreement. Six payments were made to the hire-purchase company totalling £75 18s., and then the hirer arranged with a bank to take over the business. When the contract with the hire-purchase company was finalized an allowance of £52 17s. insurance rebate was made, making the actual charge for insurance for the six months £14 15s., and £11 14s. 6d. was charged for interest for the six months. The amount owing was reduced by £30 11s. after paying £75 18s., leaving a balance of £269 9s. to be taken over by the bank. The bank charged 6 per cent simple interest, and the amount owing was to be paid at £12 13s. a month.

The hirer could choose his insurance company, but if business is done with hire-purchase companies they fix the terms of the insurance with companies nominated by them. In this instance the hirer had a salaried position, and if he had an accident or became ill he would still get his salary, but under the agreement with the hire-purchase company he had to insure against unemployment or sickness.

Naturally, the insurance premium would be increased as a result. The hirer is a member of a trade union and can get a cheaper premium than normally because insurance companies pay a 20 per cent commission to agents. One insurance company has made arrangements with trade unions to be agents. The unions wanted to pass on the commission of 20 per cent to their members, but the insurance company insisted that they must take something, so they keep 5 per cent and pass 15 per cent of the commission to their members. The hirer concerned in this case did not want to take out an insurance policy covering loss of time, but he had to pay the agent's commission of 20 per cent. As I said, the transaction was taken over by a bank and he has since received a rebate of 15 per cent on his insurance premium. When the bank took over this matter the hirer increased his insurance cover to £500, and paid a premium of £11 14s. 6d. for the first six months. In the first full year he paid £21 8s. for insurance, and for the next 12 months £11 14s. 6d. That policy is still current, and for 2½ years he has paid £44 17s. for insurance, but he had to pay £67 12s. for three years under the terms of the agreement with the hire-purchase company, notwithstanding that his cover was not as great.

The hirer will have repaid all the money to the bank in 22 months, except for interest owing to the bank of under £2. He will have paid the bank £280 as against the amount of £269 9s. that he borrowed. The total charged by the bank is £10 11s. compared with an interest charge of £87 16s. for 36 months by the hire-purchase company. I shall now give details of various transactions with finance companies to show that they do not all set out the details of transactions. One contract with General Motors Acceptance Corporation stated: Total rental, £718 2s., down payment, £500 2s., hiring balance £218. No details were given about stamp duty, insurance charges, interest charges, or anything else.

Mr. Millhouse—What should be shown regarding stamp duty?

Mr. LAWN—The details that should be shown are set out in the Bill. The contract should show the cash price, deposit paid, net cash price, insurance charges, net credit price, accommodation charge, gross credit price, and payments required.

Mr. Millhouse—What stamp duty would there be?

Mr. LAWN—I think on hire-purchase agreements it is only 1s.

Mr. Millhouse—Then why should that be mentioned?

Mr. LAWN—One contract I have states, "Add terms, stamp and insurance charges." Some hire-purchase companies show stamp duty on their agreements, but others do not. The Premier said that all the companies show the various charges in greater detail than the Bill requires, but they do not. One contract with Custom Credit Corporation states:—List price £975, less trade-in allowance £300, residue £675, add terms, stamp and insurance charges £282, total rent payments £957. Another contract with the same firm states:—List price £975, insurance £128 16s., total £1,103 16s., less initial payment £566 5s., amount financed £537 11s., add terms and stamp charges £257 19s., total rent payments £795 10s. Those two contracts were made with the same company, yet the various items shown are different and both contracts concerned the same hirer. One contract made with Industrial Acceptance Corporation states:—List price £445, initial payment £149 10s., total £295 10s., charges (including insurance) £100 10s., total rent £396.

I referred to a contract made with General Motors Acceptance Corporation showing only three items, but an invoice pinned to the agreement stated:—

## CAR SALES INVOICE.

<i>Sold to</i>	<i>Item.</i>	<i>Amount.</i>
		£ s. d.
List price . . . . .		685 0 0
Sales tax . . . . .		
Registration . . . . .		
Third party insurance . . . . .		
Comprehensive insurance for . . . . .		
Insured with . . . . .		
Accessories and extra equipment . . . . .		
Stamp duty . . . . .		0 1 0
Total . . . . .		£685 1 0
		£ s. d.
Basis of settlement—		
Deposit previously paid . . . . .		
Cash on delivery . . . . .		500 3 0
Trade-in allowance on . . . . .		
Balance on terms with . . . . .		184 18 0
Total . . . . .		£685 1 0
		£ s. d.
Unpaid balance as above . . . . .		184 18 0
Insurance premium included in H.P.A. . . . .		26 2 0
Hire-purchase charges . . . . .		7 0 0
Hiring balance payable . . . . .		218 0 0
Months each £ . . . . .		

Hire-purchase companies have their own agreement forms, though they do not always use the same type of form, even for the same type of business. If a person insures with his own insurance company and has an accident he can take his car to a reputable crash repairer and notify his insurance company within 24 hours that he has left his car with a certain firm. If the repair price is satisfactory the repairs are carried out, but hire-purchase companies have a tie-up with their own insurance companies and certain crash repair firms. The hirer may have taken his vehicle to a reputable crash repair firm, but the insurance company may tell him it will tow the vehicle away to be repaired by another firm. Some crash repair firms who are "not in the swim" are objecting to this practice.

I shall now give details of a hire-purchase transaction and leave members to judge whether it is unfair. A hirer entered into an agreement with Custom Credit Corporation about a motor car. The list price was £975, and he paid a deposit of £300, leaving a residue (as the company puts it) of £675. Add £282 5s. for terms and insurance charges and the total is £957. This amount had to be repaid in 36 calendar months from the date of the acceptance of the hiring, the payments to be £26 10s. a month. The man made 10 monthly payments amounting to £265. In the eleventh month he was unable to find the £26 10s. and could pay only 25s.

It happened this way. His holidays became due and as he had a little money in the bank he and his wife decided to go to Melbourne for a holiday. They took his mother but unfortunately she suffered a stroke whilst there and went to hospital. Consequently, they were detained in Melbourne for a longer period and had to pay not only hospital expenses but additional accommodation charges. When they returned to Adelaide they were broke. He went to the finance corporation and said he could pay only 25s. that month and inquired whether the agreement could be extended. The Corporation agreed to do something because that was the first time he had not met his monthly payment. A second agreement was drawn up which showed that the price was £975 and insurance £128 16s., making a total of £1,103 16s. From this was deducted the initial payments of £566 5s., making the new amount advanced £537 11s. Added to that for terms and stamp charges was £257 19s., which made the grand total of payments due £795 10s. He was then granted 37 calendar months from the date of acceptance of the

agreement to make his repayments, and the monthly amount was £21 10s. Because of the two agreements the hirer had four years instead of three in which to make his repayments. During the first eleven months he had paid £266 5s. The second agreement mentioned initial payments of £566 5s., which included £300 deposit. Over the 37 months the hirer had to pay £21 10s. a month or a total of £795 10s. which made the grand total £1,161 15s. If he had continued with the first agreement he would have made 36 payments at £26 10s. a month, or a total of £954. The agreement itself gives the total as £957, so there is a difference of £3 somewhere. Although it was the same transaction over the same car, with the same amount of money borrowed, because an additional 12 months were allowed in which to pay the total amount to be repaid was £104 15s. more. Can anyone convince me that is fair and reasonable?

I discussed this matter with members of this House and they all said that could not be the position. One member ridiculed the matter because he thought no insurance company would ask for an additional £104 15s. just because the repayment period had been extended for 12 months, but I showed him the papers and now he has no comment to make. He worked out everything and he cannot contradict my story. To the first agreement amount had to be added £282 5s. for terms, stamp and insurance charges. There are no details as to how the amount is made up. If the firm charged 8 per cent on the contract the amount for interest would have been £185 and for insurance £97. If the rate was 10 per cent the charge would have been £221 and insurance £61. The Treasurer says he has seen all the forms and that they set out the position more clearly than is provided in the Bill. I have referred to a straight-out charge and no one knows how the amount is made up.

Mr. Hambour suggested that in every hire purchase transaction there should be a deposit. I dealt with this matter extensively on a previous occasion, but in a different way from what I intended to do this afternoon. I said then that a deposit was necessary and that the amount should be altered from time to time, according to the economic conditions of the country. If there were a boom period the deposit should be increased, but when business was slack and there was unemployment it should be reduced. I pointed out that it

was then the practice in the United States of America and Great Britain. I have received letters from a number of country people and from what they say I am convinced that there should be a deposit. Nowadays a high pressure salesman can call at a house and have no difficulty in getting the husband or wife to sign an agreement. He can tell them anything and often what he says is not in the agreement. Frequently the amount mentioned by him is less than the amount in the agreement. The Bill provides for the agreement being signed by both the husband and the wife. The following is an extract from a letter I received from a foreman in a large undertaking at Port Augusta:—

I am writing to you about a firm calling themselves "Electrical Supply and Service Company." They are selling a food-mixing machine called "Supermix." I bought one of these machines, but was told lies in regard to the price. I returned the machine about three months ago and have been receiving letters demanding payment for same since. I will tell you the full story. A Mr..... came to the door selling these machines and wanted to show it to my wife. I told him she was not home and that I would have a look at it. I asked him the price and he said to see how it worked first and then see if it was worth the price. Half way through the demonstration another chap came in and after he was here for a while I asked the price again, and Mr..... told me £26 10s. and continued on talking. I remarked at the time that that seemed reasonable as a mixer. My wife and I were thinking of buying at the time it was priced at £28 10s. We went on talking a bit longer and I then asked what the payments would be and Mr..... told me 10s. a week for two years and then very swiftly changed the subject to the different places he had been to during the war. I never bothered to add it up at the time as I was given a definite price for the machine from these chaps. Mr..... then went to the other end of the table and started to write out the agreement, while the other chap and I were looking at the machine. Mr..... then brought the agreement over and pointed to the places I had to sign. It was then put away and I never saw it again until three weeks later.

Don't tell me that people should read everything mentioned in the agreement for I have signed a hire-purchase agreement without reading it. I know I should have read it, but because it was a printed document such as, I assumed, was signed by all the firm's customers I took it for granted that it was all right. Often a high pressure salesman calls at a house when the wife is busy getting the tea, and when the price of the goods is mentioned the husband or wife takes it for granted that it is in the agreement. It is no

use saying this is not done; it is. The letter continues:—

When they had gone I added up the payments and realized that the proper price of the machine was £48 plus the £5 9s. deposit I had paid, making it in all £53 9s. When I received the agreement back I found I had to pay for 25 months, not 24, thus making the full price for the machine £55 9s., which is a big difference from the £26 10s. first quoted. If a deposit were necessary, transactions like this could not occur because most of the people would not have the money, and before they could obtain it from the bank they could add up the monthly payments and would know the total they were paying. The letter continues:—

I wrote to the manager on May 10 (the machine was sold to me on May 9) telling him what had happened, also telling him I did not want the machine at this price. I received no answer to that letter. Three weeks later I had to go to Adelaide so I took the machine down with me. I also took another one back for another person. This was on May 30. When I got into the office I saw a Mr..... and when I told him I was returning the machines I was told to take them out of the office as they were not interested, and if I wanted my machine taken back I had to pay 50 per cent of the price, which would be near enough to another £22. I did not know what to do so I saw a friend of mine who advised me to see the manager and just leave the machine with them and tell them I did not want anything more to do with it. I could not see the manager next morning, although the girl in the office said he was in, so I saw the man I had seen previously, and he told me that if I left the machines and did not pay them their 50 per cent I would be taken to court, so I told him to go right ahead, and walked out leaving the machines with him. I have been receiving letters from the finance company since then telling me I was behind in my payments, also letters from the Electrical Supply and Service Company telling me how honest their representative was and that it was a misunderstanding—

I emphasize that, because members will see that similar letters have been sent out by this firm in which they stress the same thing—that it was a misunderstanding by the people concerned—

—on my part regarding the price, and that I still had to pay for the machine. I answered all their letters by registered mail and told them I would see them next time I was in Adelaide. In the end I received a letter from another man saying that I was to see him in Adelaide to see if we could straighten things out. I went to Adelaide on Friday, August 22, and went to see the finance people first to find out from them why I was receiving letters demanding payment after I had returned their machine, and I found out that they had nothing on their books saying that



I had returned it. I then went around to the "Supermix" people and saw the manager. After telling him I was going to give you the story, he was all apologies, and said it was a pity I had not seen him earlier. I then pointed out to him that I had been writing to him for three months by registered mail, and tried to see him when I was down before and that it had not made any difference as they still wanted money for a machine I never had, and that I was tricked into buying in the first place. Another man came in then and things continued on in that manner for quite a while. Just as I was leaving the man who came into the office turned to me and said "Of course, you know you have been wiped off the books" and when I told him I hadn't, he told me that the finance company's bookkeeping must be behind. I am not the only one in this town who has been taken in by this firm; there are quite a few others. As a matter of fact two people in the town have put their case in solicitors' hands, and the same thing applies to Whyalla.

This letter came from a person living in Port Augusta. The following letter also came from a person in that town:—

Before I state just what occurred with us personally I would like it understood that I do not generally rush into such matters foolishly. Not being fortunate enough to be among the higher class wage-earner, I have found it repeatedly necessary to purchase various articles for the benefit of my family on hire-purchase much against my will, but it has either meant this or go without some comfort in the home. However, I can produce letters of recommendation from all the various contracts entered into in the past, as in most instances they have been paid off well in advance.

The Premier said that this Bill will not benefit the very people we claim to be interested in.

Mr. Millhouse—That is true, too.

Mr. LAWN—I deny that. This person says he is not in a high wage group, and but for hire-purchase he would not have had many things in his home. We are not opposed to hire-purchase; we know what it means to the people we represent. However, we want to stop them from being exploited. The letter continues:—

With regard to this particular instance, the wife was approached during the day and put under some high pressure to trade in her perfectly good Mixmaster on a Supermix complete with all attachments, but she requested him to return when I came home. That night I was approached by two representatives of the Electrical Supply and Service Company, who attempted to carry on where they left off. However, I immediately informed them that they were wasting their time, as I had no intention of purchasing one when I already owned a perfectly good Mixmaster. But they insisted on showing the wife again, and by

this time she was completely taken in by them. They laid out their mixer and after I informed them again that in my opinion as an electrical fitter I would not purchase their article, because firstly I could not afford it, and secondly I did not consider it was worth £15 at the most because it was all plastic with no bearings, with threads to break very easily, requiring the whole unit to be replaced if this happened, and the construction being very poor compared with the Mixmaster, being all metal with replaceable bearings, etc. Finally, after much haggling, I refused to have anything whatsoever to do with them, but did the wrong thing by not ordering them out of the house. At this I left to carry out various duties around the house.

This man walked out, instead of ordering them out. I mention this because in our Bill we provide that the agreement shall be signed by the husband and wife. The letter continues:—

In my absence they continued to talk to the wife eventually blinding her with sales talk and talking her into signing an agreement to purchase a Supermix complete, naming me as being responsible to payments of same, after I had refused point blank to purchase same. After they had departed with our Mixmaster—

That is what big business can do! If a worker does anything along those lines that is direct action, but these two men walked out with this man's Mixmaster. That is business!

. . . I attempted to explain to the wife what she had done and just what she had bought, but she still thought she had purchased a bargain. On discussing facts further, she said she inquired about buying only the vitamiser part, and not all the extras, whereupon she was told by one chap she could, but the other contradicted and said they only sold complete units. Each time she asked the exact price, they evaded her question, and still kept pressing her to get one, and would not take "No" for an answer, and kept pushing the advantages etc., of the appliance on her.

After several days use, she realized her mistake and agreed with me that we could not afford to pay for same; also, it was not what she had been led to believe and she could see the disadvantages in construction as against a Mixmaster. Therefore she decided to return same to them when they returned on the Friday, four days later, as promised when signing her up, but Friday came and went. They had fled Port Augusta to give Whyalla the same treatment.

The wife then wrote Adelaide, giving them the full facts, and requesting her Mixmaster returned. This was promptly ignored, but we received the hire-purchase agreement instead. On finding that we were up for some £55 19s., I really hit the roof. Previously I had meant to let this teach the wife a lesson by losing her Mixmaster, but it had really backfired. When her letter was ignored she wrote again, this time a reply was received ignoring our statement of just what had transpired and requesting that we return the unit and they would check over same for fault and return same to

us, mentioning also that they were unable to return her mixer as it had been forwarded to Melbourne. We were also told the agent had been ill and was unable to call. They also stated the price for the first time as being 42 guineas, plus terms charge, plus insurance, plus stamp duty, also the charges for two years—in all, £55 19s., this being the first time she had got the exact price other than when receiving the hire-purchase agreement. She was again informed that the units were sold complete and she could not purchase same independently (we have since found that she can). I then moved in requesting them to notify us where to return the unit, either them or the finance company, and to accept this as the seven days notice to return same as requested by the hire-purchase agreement. A copy was also sent to the finance company; however, both were ignored. On waiting over seven days, I packed up same and registered same and forwarded it to the finance company, requesting the return of our mixer, if not as the hire-purchase agreement had been signed, the return of our three months payments which had been credited along with the deposit as had been stipulated the acceptance of our Mixmaster would cover. However, we did not receive our money paid in advance, but we did receive a receipt for same as being paid in and accepted. A week later I received the Supermix back from the Electric Supply and Service Company (which was returned to the finance company) along with the letter stating we misunderstood the terms of the agreement.

This letter also states that the customer misunderstood its agents. It claims that it only employs thoroughly honest and reliable agents. It is interesting that only hire-purchase companies employ such agents. In other words, the letter implies that the Electricity Trust and other employers in Port Augusta employ thoroughly dishonest and unreliable agents. The letter continues:—

Also that we had better read clause 4 again which states that we would have to pay £26 before we could return the mixer. The mixer is still here packed as they returned it awaiting for them to collect same as I have once gone to the expense of returning. Being up to my neck to the extent of being light one £30 Mixmaster and up for £26 and no Supermix I contacted a lawyer to see what could be done. He said he would write to them. That was in June. Since contacting him again to see what should be done with this mixer, he informed me they had ignored all his correspondence and therefore he would contact them personally when next in town, but it is now September and I am none the wiser still waiting to hear from either the lawyer or the electrical company. This month will be the first I would have had to pay outside of the three months credited.

Another letter I have received—and it is apparently from a lady—states:—

On the 8th May we had three salesmen come to our place to demonstrate the said Supermix. Well, after showing us what the machine could

do they told us they were opening a shop in Port Augusta where we could get it serviced and spare parts, but there is no shop here yet. They told us that the price was £42.

That latter statement is interesting. These people all seem to have suffered similar experiences and apparently they have all misunderstood the agents. The letter continues:—

£3 19s. deposit and 9s. 4d. a week and the terms were for two years. When my husband asked if the £42 included everything plus interest he said "Yes" as they had only 10 machines to sell before they came on the market and were selling them cheaper than they would be in the shops.

I have heard this story before. It was personally put to me this week. I was told that there were only two articles remaining of the three the shop had but that if I took one quickly the manager would give me a good reduction on the price. The salesman didn't know me and even if he did he probably would have said the same thing. It was just sales talk. The letter continues:—

It was about 5.30 p.m. when they came here and I was busy getting tea ready. When the agreement was filled in and I was asked to sign it they said they didn't have time for me to read it as they had two more calls to make before tea. When we got the agreement back we found out that they had 25 months and £2 a month instead of £1 17s. 4d. a month as we worked out 9s. 4d. a week would be. We had a Blendor-Mix that cost us £22 which we traded in. This mixer is costing us £55 9s. so if this is cheap what are they going to cost in the shops? Sir, we would like to get this straightened out and will not be dealing with door-to-door salesmen again.

Another letter commences:—

I wish to let you know the trick that has been played on my wife and myself. It is with regards of my purchase of our Supermix. We were told when we purchased it that the inclusive price was £44. After we had signed the agreement and had had the machine a fortnight we were informed that the price was £55 19s. Now here's the story in detail. I was informed by my wife that a salesman was coming to see me about the sale of a Supermix. When he came he told us the full terms price was £44.

Mr. Riches—Have you the name of the salesman?

Mr. LAWN—Yes, but I have not mentioned it or the names of the letter writers. The letter continues:—

I agreed to that as I thought it was a fair price. My wife signed the agreement but when she asked if she could read it through she was told he was very busy and we would find everything to our satisfaction when we received the agreement back.

There is nothing to suggest that any of these letter-writers were known to each other, yet

they have all had similar experiences. The letter continues:—

Also we were told that the payments were 9s. 4d. a week, but when we read the agreement afterwards it was £2 per month for 26 months instead of 24 months as we thought it would be and they did not take our deposit as a payment for one of the months. The deposit was £3 19s. We wrote to the finance company asking for details and objecting to the way the salesmen are doing business. The reply I am enclosing. As you will see £44 was cash price and the full price £55 19s. If we had known we would never have bought it as I do not consider it is worth £55 19s. We have already heard a statement from an electrical fitter who went to some pains to describe how the mixer was made of plastic and without bearings. The letter continues:—

Also the knife sharpener we were led to believe we had to have it, but have since learned that it is a new addition to the product and that we could have pleased ourselves whether we had it or not. Well, Sir, I have tried to give you a picture of what happened. I only wish I could get my hand on that salesman. My actions would be far from good. It has left a bad taste for future salesmen to my door.

The member for Mitcham (Mr. Millhouse) can rightly claim that the Opposition represents these letter-writers, because they are ordinary people. I contend that this afternoon I have answered the Premier's arguments. There is every reason why the House should accept this legislation. The Premier said that he had asked for and obtained forms from all the hire-purchase companies and that those forms clearly set out the charges and other relevant details. I have quoted from four or five forms from different companies which reveal that there is no consistency in them. I instanced that Custom Credit in one particular transaction with the same hirer used two different agreements. There is no reason why the House should not pass the second reading of this Bill. If Mr. Hambour desires to insert a provision making deposits obligatory for all hire-purchase transactions he can move an amendment in Committee. If he desires to alter the reference to interest, that is his prerogative. The Bill provides that the interest shall be the bank rate plus 2 per cent. I would like to see the 2 per cent deleted because the bank rate of 6 per cent would suit me. I support the Bill even though it doesn't do everything I would like it to do. At least it is a good start.

Future agreements would have to clearly set out all items and instead of people being told the cash price as the hire-purchase price—because that is obviously what the salesmen I

have mentioned were doing—they would know the exact position. The Bill provides that the agreement shall state any deposit which the hirer pays, the net cash price, insurance, net credit price, the accommodation charge, gross credit price and the payments. If that is all clearly stated it will be obvious to the people concerned what they are signing for.

The letters I have read clearly illustrate the necessity for both husband and wife signing an agreement. I mentioned a case where a husband refused to have anything to do with a transaction and walked out. The salesman persuaded his wife to sign. Obviously, if both parties had to sign, many transactions would not be entered into. We want to guard against exploitation. We do not want to curtail hire-purchase; we want to control it. In many instances today the interest rate being charged is excessive. I quoted one instance of a flat charge of 9 per cent. I discussed this with one or two persons who understand finance and they have told me that if I double the flat rate and add one I will get approximately the simple interest rate. I quoted one hire purchase agreement under which the interest charged was 9 per cent flat, so the simple interest rate was probably 19 per cent or 20 per cent, which is far too high. One letter I read this afternoon indicated that many things in the writer's home would not have been there if they had not been obtained under hire purchase, but the fact that many people, including myself, are forced to purchase items on hire purchase is no reason why they should be exploited. There is no reason why I should have to pay 20 per cent interest whereas others, because they are more fortunate, can pay cash for goods and do not have to pay interest.

Mr. O'Halloran—They get a discount, too.

Mr. LAWN—Yes, and that can be a big item.

Mr. Fred Walsh—They do not always get a discount.

Mr. LAWN—If the purchase price is over £1 the purchaser can usually get a discount of 2½ per cent if he pays forthwith. I think members opposite will agree that people who must use hire purchase should not be exploited. The Bill says that the maximum interest rate should be the bank rate plus 2 per cent, and that the interest should be adjusted as the hirer makes payments. This would bring the system into line with transactions made with the State Bank, where the credit foncier system is used. As the person makes his payments the interest is charged only on the balance owing, and that is what this Bill stipulates. The Premier said

that all legislation should be remedial, and we have answered him on that point. We have proved that interest charges on hire purchase transactions are too high and that many people are being lured into signing agreements by high pressure talk. We have also proved that hire purchase companies do not have standard agreement forms, and that none of them sets out clearly to the hirer just what the charges are. The member for Light (Mr. Hambour) spoke entirely in support of the Bill, but I believe he has been told he must vote against it. We on this side of the House have proved that we do not want to abolish hire-purchase business. If we did the Bill would have been framed accordingly.

Mr. O'Halloran—We would have made that business illegal.

Mr. LAWN—Yes, but we have not done that. We are prepared to allow hire purchase business to continue under certain conditions that are not unreasonable. The Premier himself did not say those conditions were unreasonable, but that the companies set out the details of the agreement much more clearly than was required by the Bill. However, we have proved him wrong, for we have obtained the forms they use and they do not set out all the facts. The Bill sets out all the details required, and we say also that the hirer should have the right to nominate his own insurance company. Members opposite say they support private enterprise, but do they? What is wrong with my being able to nominate the insurance company with which I wish to do business? I could not do business with my insurance company while I had an agreement with the hire-purchase company. That is not freedom. If members opposite believe in freedom of private enterprise they will support the Bill. They say they represent business interests and believe in free enterprise. Have they any crash repair firms in their districts? Do they believe that those firms should be able to do business with people who want to let them do their repairs? We have put forward evidence that thoroughly justifies the passing of this Bill. I should like it to go farther, but I am prepared to support it in its present form, and I hope members opposite will support it too.

Mr. MILLHOUSE (Mitcham)—I hope that my remarks, unlike those of the member for Adelaide, will be relevant to the provisions of the Bill. I oppose the second reading, and at the outset I shall make two general comments before referring to speeches we have already heard on this measure. Firstly, the members

of the Opposition who have spoken have shown clearly that they are no friends of hire-purchase. The Leader of the Opposition paid lip service to hire-purchase institutions, but from the provisions of the Bill and the speeches we have heard from members opposite it is obvious that they do not like hire-purchase and are doing their best to render it of less value to the people. There is no doubt that this Bill, if passed, would frustrate the operations of the various hire-purchase concerns. The member for Hindmarsh (Mr. Hutchens) last week spoke briefly on the measure. He should have some first-hand knowledge of hire-purchase because I understand he is a member of the committee of the Trade Unions Hire-Purchase Co-operative Society Limited.

Mr. Hutchens—That is so.

Mr. MILLHOUSE—Yet this is what he said about the institution of hire-purchase:—

For the good of hire-purchase and for its continuance we need control.

Members opposite are obsessed with the idea of control, and they want to control everything. The honourable member continued:—

It is needed to give the business an air of respectability. That is all we wish to do.

Evidently the honourable member does not believe that hire-purchase business is respectable, whatever that may mean, at present, and this Bill is intended to make it so. I do not know how many times the Leader of the Opposition used the word "exploitation." Apparently that magical, but ill-defined, word we hear so often is appropriate in these circumstances. It would appear that the hire-purchase companies are exploiting the people, as the member for Adelaide used the same word over and over again this afternoon. Nobody bothers to say what it means, but it is obvious that Opposition members would like to decrease the scope and value of hire-purchase, but for reasons best known to themselves they are not prepared to come out in the open and say so; therefore they have introduced this Bill while paying lip service to hire-purchase. The people who would suffer most if hire-purchase were curtailed are the very people members opposite so often claim to represent. That is the first point I make, and the second is that the Leader of the Opposition is lamentably ignorant of the ramifications and scope of hire-purchase, for that is evident from the way the Bill is drawn.

Mr. Fred Walsh—Are you an authority on it?

Mr. MILLHOUSE—I am not setting myself up as an authority, but merely commenting upon the Leader of the Opposition's Bill. Apparently he has brought it here, as a measure to be dealt with seriously, to overcome the problem, as he calls it, of hire-purchase, but it is obvious from the way the Bill is drafted and from his second reading explanation that he has no conception of the scope of hire-purchase. The Bill is framed to include all hire-purchase transactions, but all its provisions are appropriate to only one portion of hire-purchase transactions—domestic appliances, about which we have heard almost *ad nauseam*. The Leader of the Opposition seemed to think that most hire-purchase transactions concerned these items, for he said:—

In recent years the principle of hire-purchase, as it is generally known, has come to be applied to the purchase of all manner of commodities and, in particular, domestic appliances and personal goods.

All the provisions of his Bill aim to deal with hire purchase transactions concerning those commodities. Of course, he is entirely mistaken in thinking that those commodities comprise the great majority of hire purchase business. In an endeavour to put members opposite on the right track I will refer to the *Monthly Review of Business Statistics* for June, 1958. The headnote states:—

The following statistics relate to businesses which finance the sale of goods by retail but do not retail goods themselves. Agreements originally made between retailers and customers, and subsequently assigned to finance businesses are excluded from the particulars of agreements made during each month, but from the time of assignment, are included in the figures for balances outstanding.

The figures are divided into three classes. First, there are motor vehicles, tractors, etc., then plant and machinery, and finally household and personal goods. The Bill seems to be aimed mainly at household and personal goods. According to the publication the monthly average in 1956-57 of agreements made in relation to motor vehicles, tractors, etc., was 26,371, for plant and machinery, 1,920, and for household and personal goods 57,450. In other words, slightly more than twice as many agreements were made in that year for household and personal goods than for motor vehicles, tractors, etc., so there may be some justification for what Mr. O'Halloran said. Let us consider the value of the goods. In 1956-57 the monthly average for motor vehicles and tractors was £18,714,000, whereas the value for household and personal goods was only

£4,444,000. The monthly average value for all goods was £24,386,000. Mr. O'Halloran has concentrated, in terms of value, upon only a small proportion of that, yet his Bill covers all forms of hire purchase. If necessary I could quote figures for other months and years.

Mr. Loveday—Two or three agreements in connection with consumer goods may be more important than one big agreement in another direction.

Mr. MILLHOUSE—That may be so, but the Bill deals with things as a whole. The important thing is the total value of goods dealt with under hire-purchase. First of all the Opposition does not like hire-purchase business, but although it hopes that something should be done about it is not prepared to do it. Secondly, Mr. O'Halloran is entirely wrong in his conception of hire-purchase business. In this debate nobody seems to have referred to the contents of the Bill. It is a tortuous measure, entirely complicated and very much out of keeping with the provisions of the Hire-Purchase Agreements Act. Clause 4 of the Bill contains a new section 3a, and states:—

After the commencement of this Act no hire-purchase agreement . . . shall be enforceable unless such agreement (a) is in writing and a copy thereof shall have been supplied by the owner to the hirer free of any charge for such copy . . .

I am reliably informed that that is what happens at present. The paragraph continues:—

or for the preparation of such agreement or of the copy thereof . . .

So far so good, because under the Act that is what happens now. The paragraph continues:—

. . . and the hirer shall have acknowledged in writing the receipt of such copy.

The contract, and that is all a hire-purchase agreement is, is made by an offer and an acceptance. When a person signs the document he may believe that he has signed a hire-purchase agreement, but it is only an offer to enter into a contract with the company and it does not become a legal contract until some time later when it is accepted by the company. It would be impossible to give a person a contract at the time of signing the first paper because in law there is no contract. To change that the whole basis of hire-purchase must be changed. The only way the paragraph could be applied would be to say that a person makes an offer and that it will be accepted later, and at the moment the contract

comes into operation the company will send a copy to the person concerned, and he must acknowledge its receipt. If there is no acknowledgment, under the Bill the hire-purchase is not enforceable. The whole thing is ludicrous and betrays a lamentable ignorance of hire-purchase business. The next paragraph also shows a lamentable ignorance, for it says:—  
the cash price of the goods, being the price, including any packing, transport and/or other trade charge, at which the owner would undertake the sell the goods for cash at the time of entering into such agreement.

I refer specifically to the words “the owner.” In the principal Act “owner” is defined as the owner for the time being of goods let on hire under a hire-purchase agreement. Presumably the Leader of the Opposition did not refer to the principal Act. It must be common knowledge to all but Mr. O’Halloran that the hire-purchase company does not sell the goods, so the provision in the Bill is entirely nugatory and means nothing at all.

Mr. Dunstan—Have you bought anything from David Murray & Co.?

Mr. MILLHOUSE—If the honourable member had been listening to me earlier he would have heard my explanation of the ramifications and scope of hire-purchase. I suggest that he read the report of my remarks before he says any more. The point I am making should have been picked up by the Leader of the Opposition before he drafted his Bill. It was utter carelessness on his part. Paragraph (c) provides for an interest rate of eight per cent. I concede that there can be a flat rate per annum of eight per cent. “Accommodation charge” is mentioned, but what is that? It is a charge that is commensurate with costs and risks involved in a particular transaction, and it is a rate governed by the purchase price. This is the factor that determines what will be the accommodation charge for people entering into hire-purchase transactions. It is obvious that it must be so. One transaction of £100 is far less trouble to the hire-purchase company and requires far less administrative work than 10 transactions of £10 each, yet the total value is the same. That is why the accommodation charge must be relatively high on a small transaction.

Mr. O’Halloran—I did not fix a minimum charge; I fixed a maximum.

Mr. MILLHOUSE—I have not yet developed the whole of my argument. In his second reading speech, the Leader said:—

I am convinced that there is no justification for differential percentages and am inclined to think that the high percentages

charged in respect of secondhand motor vehicles is a special form of exploitation.

As I have tried to explain, the accommodation charge is based upon the value of a particular transaction, and it must be so, because the administration costs involved are higher on a smaller article. What are the current interest rates charged by the big and reputable hire-purchase companies? They are 6 per cent on new motor vehicles, 8 per cent on secondhand motor vehicles and 10 per cent on other articles; I challenge members opposite to say that these figures are wrong. The Leader has not followed his New South Wales colleague, Mr. Cahill; legislation in that State allows a maximum of 7 per cent for new motor vehicles, 9 per cent for secondhand vehicles and 10 per cent for other goods. Mr. Cahill does not agree with the Leader that there should not be a differential rate—he has embodied a differential rate in his legislation.

Mr. Frank Walsh—Where can you get new cars at 6 per cent interest?

Mr. MILLHOUSE—I challenge the honourable member to show where I am wrong.

Mr. Frank Walsh—I challenge you to show where you are right.

Mr. MILLHOUSE—Out of that percentage, what do these companies have to get? Let us remember that they have to pay up to 7 per cent for their money, so that is the first charge on their returns. They then have to pay their overhead expenses, and this underlines why smaller transactions require a relatively higher rate. They have to recoup their losses on repossessions; they must pay taxes and, finally, dividends. The Leader would have a flat rate of 8 per cent. I have made some calculations which show that a rate of 6 per cent flat per annum gives 11.07 per cent effective rate, out of which has to come all the payments I have mentioned. The rate of 8 per cent flat gives an effective rate of 15.5 per cent, out of which also must come the charges I have mentioned. That is what the Leader, I suggest earnestly, would give under paragraph (c). Let us now go to paragraph (d), which provides for the periodical payments that must be made. Apparently they are only to be weekly, fortnightly, monthly, or quarterly. It seems that the Leader has no conception of the true ramifications of hire-purchase, as he does not seem to know that payments are sometimes made annually or at irregular intervals.

Mr. O’Halloran—Can you name one hire-purchase transaction on which payments are made annually?

Mr. MILLHOUSE—Yes.

Mr. O'Halloran—Name it.

Mr. MILLHOUSE—I cannot name one, but I believe that is the case. I believe payments are made annually in the country, and the Leader as a country man would know that.

Mr. O'Halloran—You have been told something you do not understand.

Mr. MILLHOUSE—I am glad the Leader has got some comfort from what I have said; I do not think he has had it elsewhere. He has only provided for weekly, fortnightly, monthly or quarterly payments, and if members opposite can show I am wrong in saying that many hire-purchase transactions provide for other than periodical payments, I shall be happy to listen. However, I do not think they can, and that shows a further lamentable ignorance of hire-purchase. One of the most complicated and fantastic provisions in this Bill is that contained in paragraph (e), which provides for rebates for early payment. It is not clear how long before the due date—it may be a day, or a month, but it will nevertheless be the same rebate. Before giving an example of what could happen, I shall point out one or two general things. Firstly, it does not help a hire-purchase concern if the money comes in early.

Mr. Hambour—Wait a minute! That is not right.

Mr. MILLHOUSE—I am not going to wait.

Mr. John Clark—What made you think we are trying to help hire-purchase companies?

Mr. MILLHOUSE—That is letting the cat out of the bag! It is obvious that the whole reason for this legislation is to hinder them. It does not matter if the payment is one day, seven days, or 30 days early, the same rebate will be allowed under this provision. I am told—and again I am open to correction by members opposite—that the formula for conversion from a flat rate to an effective rate for contracts in excess of 12 months is the rate quoted multiplied by two, multiplied by the number of instalments and divided by the number of instalments plus one. I do not need to apologize for giving the formula, as the Leader gave plenty of formulae in his speech. I have done one example—I only want to do one here—to compare the rates in paragraphs (c) and (e). I invite the Leader to say where I am wrong.

Mr. John Clark—Did you work it out yourself?

Mr. MILLHOUSE—Yes, in my own fair hand.

Mr. John Clark—It will be wrong.

Mr. MILLHOUSE—Let us assume a debt of £500 with 8 per cent accommodation charge repayable over two years in monthly instalments. That comes within the scope of the Leader's Bill, to which I have slavishly adhered. If we apply that formula and the rate cited (£500 at 8 per cent multiplied by two), multiply it by the number of instalments (24) and divide it by 25 (the number of instalments plus one), we find that that is an effective percentage of approximately 15.5 per annum. That is what the Leader would give under paragraph (c). That is effective.

Let us now consider the position under paragraph (e) where a person makes an early payment of, say, 24 hours in each case. Let us take £500 again at eight per cent over two years on monthly payments when we apply the first formula, which is P multiplied by R and divided by 12. I have had to adapt it here because the Leader made no provision for a two-yearly repayment period, but I think it is right. We multiply £500 by eight by two, because the period is two years. Then we divide it by 24—I hope that is right. I see the honourable member for Gawler (Mr. John Clark) reeling, but this is the Leader's Bill. We find that £1 7s. 8d. could come off each instalment. There are 24 instalments at £1 7s. 8d., which means £33 4s. in all could come off under the Leader's formula. An accommodation charge of eight per cent on £500 over two years would be £80, if my arithmetic is correct. If we deduct £33 4s. from that £80, which would be given under paragraph (c), the total accommodation charge is £46 16s. Therefore, instead of giving eight per cent flat, as the Leader did under paragraph (c), you would get 4.65 per cent flat.

Mr. Geoffrey Clarke—You cannot be making much on the transaction.

Mr. MILLHOUSE—The figure of 4.65 per cent per annum flat is 8.6 per cent per annum effective. In paragraph (c) the Leader gives 15.5 per cent effective. Then we apply his magic formula, the basis of which was never explained to us.

Mr. O'Halloran—I explained it fully.

Mr. MILLHOUSE—In paragraph (e) he gives only 8.6 per cent effective. That is the way he proposes that the hire purchase companies should do their business: a fluctuating percentage entirely at the mercy of the hirer, fluctuating from 15.5 per cent down to 8.6 per cent in any transaction. That is utterly absurd

but it is the effect of this magic formula that the Leader has inserted in paragraph (e).

Mr. O'Halloran—I agree with you entirely. That is intended to be the effect of it.

Mr. MILLHOUSE—I am glad the Leader admits it. There could be no greater admission than that of his real aim in this Bill. Let us now turn to paragraph (f)—we are finished with figures. Paragraph (f) makes it an obligation that the agreement:—

... bears the signatures of both the hirer and the hirer's spouse or includes a statutory declaration by the hirer that he or she is not married or that, if married, he or she has been deserted by or judicially separated from his or her spouse.

That means that the hire purchase agreement, whether for a "Mixmaster" or for some other domestic appliance, has to be signed by both the man and his wife, if he has one. That again shows that the Leader is lamentably ignorant of the true scope of hire purchase. Many articles bought by hire purchase are bought in the course of a person's business and have nothing at all to do with his spouse; she has no interest in them. In fact, many hirers are companies and so cannot get married! Yet the Leader says that the spouse also must enter into a hire purchase agreement. I believe—I think I am right here—that the Leader is a farmer.

Mr. O'Halloran—No, I am not.

Mr. MILLHOUSE—He has been on the land; he has been a grazier. Anyway, he is interested in farming. Is he going to make a man drag his spouse down too, to enter into a hire purchase agreement? It is absurd to suggest that that provision should operate in every hire purchase agreement.

Mr. O'Halloran—I can buy everything I want on monthly terms and get discount if I pay monthly.

Mr. MILLHOUSE—That is what he would oblige the man on the land and the business man to do.

Mr. O'Halloran—Not the man on the land.

Mr. MILLHOUSE—Considered in that way, it is utterly absurd. What else have we in this Bill?

Paragraph (g) deals with insurance, which has to be linked with subclause (2) below. It reads:—

includes, where the goods are required by any law and/or—

Whatever that may mean—

by the owner to be insured against loss, damage or impairment, the name of the insurer and a declaration in writing by the hirer that the hirer has exercised or waived his right to nominate the insurer of the goods.

Then subclause (2) (a) says:—

The hirer shall have the right to nominate the insurer of such goods and the hirer may exercise or waive such right.

In other words the whole object of this, as we know quite well, is to ensure that there are no special relationships between a hire-purchase company and an insurance company.

Mr. John Clark—Apparently the Victorian Government agrees with that.

Mr. MILLHOUSE—Whatever anybody else may do, I do not agree with it. Let us consider the position. Many hire-purchase companies, as is common knowledge, have insurance companies affiliated with them and they direct all their work through those insurance companies.

Mr. John Clark—They are their creatures.

Mr. MILLHOUSE—You can call them creatures if you like, but they fulfil a very necessary function because of the volume of work and because of the intimate connection between the hire-purchase company and the insurance company.

Mr. John Clark—And the rake-off.

Mr. MILLHOUSE—Special arrangements can be made. What are they? In most cases they are that there shall be an immediate cover as soon as the proposal for hire-purchase is made. What would be the position if the hirer could go to an outside company? Would any dealer give a purchaser a vehicle, for example, if he did not know that it would be covered by insurance or if he had to wait until the proposal for insurance had been accepted by the outside company? That would mean a considerable delay, certainly for somebody in the country, whereas at present, because of the special arrangements between the insurance company and the hire-purchase company, immediate cover is given. That is one point.

I could develop other points on this same topic. It has been said that the insurance company could keep the hire-purchase company informed whether premiums had been paid or whether any breaches of the policy had occurred, but surely the most important point—and it is something that cannot be emphasized too strongly—is that during the continuance of the hire-purchase agreement the goods remain the property of the hire-purchase company. Surely it is an inviolable right of the owner of property to insure it with whatever company he may wish, and there seems to be no reason why the Opposition should deliberately take away from the owner of goods the right to insure those goods with whomever he desires.



Mr. John Clark—At someone else's expense.

Mr. MILLHOUSE—We know the Opposition does not like private enterprise; it is always sniping at it, and this is just another example of that. Under this clause the opposition would take away from the owner of the goods the right to insure and give it to some outside person—in fact, the hirer.

Mr. John Clark—Who pays for this insurance?

Mr. MILLHOUSE—The Opposition would probably take away the property altogether. I am merely pointing out what I consider the defects in this legislation.

Mr. O'Halloran—This is the best speech in favour of the Bill that I have heard.

Mr. MILLHOUSE—Clause 4 (3) deals with the question of deferred payments and may, for all I know, have some effect upon the Sale of Goods Act. In fact, it is obscure. These are the various defects that are obvious in this measure, on the face of it. I hope I have not wearied the House too much by pointing them out, but I thought it was about time somebody looked at this Bill with a critical eye.

Mr. O'Halloran—As a matter of fact, I did not realize how good the Bill was until you spoke.

Mr. MILLHOUSE—I am pleased that I have done somebody a good turn. What do we find in the Bill? In contrast to the principal Act, it is a complicated measure and extremely carelessly drawn by the Leader. It is contradictory in its facts and its formulae, which can be understood by nobody, and the whole thing is based upon a complete misapprehension of the scope of hire-purchase transactions. Although it has been claimed that it will cover the whole field of hire-purchase, it has in fact been slanted only towards domestic and household goods, and the conditions applicable to such hire-purchase contracts have been applied to the whole range of hire-purchase. With very great respect I suggest to the Leader of the Opposition that the saddest thing of all about this—

Mr. John Clark—"Absurd" is your word.

Mr. MILLHOUSE—That is so. What I am saying now is very serious, because it has very serious implications for the people of South Australia. The most alarming thing is that the Bill has been prepared and presented to this House as a serious measure by a man who in a few months will be presenting himself to the people as the alternative leader of the Government.

Mr. O'Halloran—And will become the leader of the Government.

Mr. MILLHOUSE—If this is any foretaste of the legislation we shall get under a Labor Government—carelessly drawn, complicated, and out of touch with the realities of the business world—the outlook for South Australia is even grimmer than I had thought it would be. Let us be quite sure that the people of South Australia know the sort of legislation that would be submitted on an important topic like this.

Mr. John Clark—That is typical of the whole of your argument. "Absurd" is certainly the word for it, or perhaps "babyish" would be better.

Mr. MILLHOUSE—After an examination my conclusion is that it is a disaster of a Bill, and a travesty of the sort of legislation that should come before this House. I oppose the second reading.

Mr. FRANK WALSH secured the adjournment of the debate.

#### WEST TORRENS CORPORATION BY-LAW: CARTING OF HEAVY MATERIALS.

Order of the Day No. 10—Mr. Millhouse to move—

That by-law No. 54 of the Corporation of the City of West Torrens, to regulate and control the carting of heavy materials, made on February 25, 1958, and laid on the table of this House on June 17, 1958, be disallowed.

Mr. MILLHOUSE—I understand that the matter has been dealt with in another place, and I therefore move that this Order of the Day be read and discharged.

Order of the Day read and discharged.

[*Sitting suspended from 5.58 to 7.30 p.m.*]

#### LAND SETTLEMENT ACT AMENDMENT BILL.

Second reading.

The Hon. C. S. HINCKS (Minister of Lands—I move—

*That this Bill be now read a second time.*

The object of this Bill, which is similar to the one passed last year, is to extend the operation of the Land Settlement Act until the end of next year. The Government believes that the time has not yet arrived when the provisions of the principal Act may be allowed to lapse, and the effect of the Bill is to extend the term of office of the members of the committee and the power to acquire certain land in the South-East for a further 12 months.

Clause 3 of the Bill extends the term of office of committee members until December 31, 1959. Clause 4 amends section 27a of the principal Act and will enable the Government on the recommendation of the committee to acquire lands in that portion of the western

division of the South-East which is south of drains K and L, up to December 22, 1959.

Mr. O'HALLORAN secured the adjournment of the debate.

# APPROPRIATION BILL (No. 2).

Returned from the Legislative Council without amendment.

## ADVANCES FOR HOMES ACT AMENDMENT BILL.

Adjourned debate on second reading.

(Continued from October 14. Page 1180.)

Mr. QUIRKE (Burra)—I support the Bill, which can be interpreted to mean something entirely different from what it seems. It is one of the three Acts in South Australia which relate to housing and it applies mainly to the operations of the State Bank. Further down the Notice Paper appears the Homes Act Amendment Bill, which is concerned with institutions and organizations, of which there are about 16 (including the Savings Bank of South Australia) which handle their own finances. The third Act is the Housing Agreement Act, 1956, which makes statutory the agreement between the Commonwealth and the States and, although it is concerned primarily with the Housing Trust, it makes provision to enable other people to obtain moneys. I understand that under that Act about £1,250,000 will be available this year and that, under the Advances for Homes Act, £1,000,000 will be available to the State Bank. I refer members' attention particularly to clause 2 of the Bill which amends section 18 of the principal Act by striking out subsection (2) thereof and inserting a new subsection as follows:—

(2) Before the bank sells a dwellinghouse to a person, he shall pay to the bank such sum as is fixed by the bank but which shall not be less than—

There is a current belief among the general public that if a person owns a block of land worth £160—or five per cent of £3,000—he can secure a loan of £3,000. Of course that does not follow. The proposed new subsection means that such a person will pay the sum fixed by the bank and it shall be not less than five per cent of the purchase money.

I understand the State Bank has a code of valuation, although I do not know what it is on a per square basis; but I believe it is considerably less than the amount for which one could get a house built today. The house for which a person would secure a £3,000 advance would necessarily be of a much higher value than the £3,000 based on the bank's valua-

tion. If £1,000,000 is available to the bank for the purposes of this Act, it will enable loans of £3,000 on 333 homes. My assumption is that it will provide for more loans according to the number of people who have more than five per cent of £3,000 available.

In order to get an advance of £3,500 it is possible that one would need to have a house worth about £4,500 because 15 per cent, which is the deposit, is £525 and a person would need a house valued at £4,500 to get an advance of £3,500 on the bank's code of valuation. The bank's code provides varying amounts for timber-frame and solid brick construction homes, but those amounts are much less than the amount a person would have to pay a contractor to build for him. If a person thinks that because he has a block worth £160 he will get a £3,000 advance he had best think again, because he won't get it if his block is the deposit he is offering. He will need more than a block valued at £160.

Mr. O'Halloran—The applicant will get as much as the bank is prepared to advance.

Mr. QUIRKE—Yes. The bank will tell the applicant what he can get, and if he can put down only a small deposit he will not be able to get £3,000.

Mr. Shannon—I suppose you would at least say that the Bill is an improvement on the existing law?

Mr. QUIRKE—I am prepared to admit that, but many people outside think they will be able to get £3,000, and the bank will have to disillusion them. I do not think the Premier wanted to lead people to believe that if they had a block worth £160 they could get an advance of £3,000.

Mr. Hambour—Do you say the State Bank will not value a house at the Housing Trust price?

Mr. QUIRKE—No, I said that the State Bank has its own valuation code, and I should like to know what it is. No person could have a home built at a price corresponding with the State Bank's valuation. That is why the Bill has its limitations. It will be extremely helpful, but to get an advance of £3,000 the applicant's house will have to be worth considerably more than that. To get an advance of £3,500 the applicant will have to find a deposit of £525, so the house will have to be worth well over £4,000.

Mr. Hambour—I hope you are not right.

Mr. QUIRKE—I am open to correction, but I have helped many people to get houses through the State Bank. I have a high regard for the administration of this bank, for it is extremely fair to applicants. However, the State Bank

always plays safe in fixing its valuations. If the Bill said that the bank had to accept the contract price for a house it would have to advance £3,000 if it cost that much, but it does not say anything of the sort. The applicant will have to find the difference between the bank's valuation and the cost of the house. We should be told the basis of the bank's valuations. That is the key to what applicants will be able to get from the bank.

Mr. Hambour—According to your argument this Bill will not be an improvement on the existing law under which the Housing Trust grants second mortgages.

Mr. QUIRKE—The State Bank will still value a trust home according to its own code of valuations. The honourable member, when speaking on this Bill, referred to some of my previous speeches when I said that houses should be subsidized to the extent of £1,000, but I was speaking on a different Bill. I am not now speaking on the Homes Act or on the agreement with the Commonwealth, and I am afraid the honourable member got into a real mess when he spoke on this measure. Today houses are costly to build, so it is vital for us to get more and cheaper money for the building of houses. The Leader of the Opposition said it would help if the repayment period were extended from 30 to 50 years, but a £3,000 home built today will not be worth much in 30 years, and much less in 50. At the end of 30 years it will have cost the purchaser about £6,500. He will have to pay about £4 11s. a week, which is about one-quarter of a weekly wage of £18, and that is far too much.

Building costs have gone up, but wages have remained practically stationary, and I cannot see how a man can afford one-quarter of his income to keep a roof over his head. Of course, in addition to weekly repayments, he has to meet rates and taxes and maintenance costs. Therefore, his weekly commitments on his house may be as high as £6. All workers do not get £18 a week; many get less than that. The Bill is designed to assist people on low incomes who have not been able to save enough to pay a larger deposit. If a man has only £150 he will not get a £3,000 house and I do not think he will be able to get a house for less than that, so the man on an income of £18 a week or less will not be able to take advantage of this legislation. Notwithstanding the improvements to the Act, houses are getting farther and farther away from people on low incomes.

Mr. Hambour took me to task by saying that we would have to inject something to make

the advancement of money less costly. We cannot expect people on the low incomes to pay these high costs. If the £1,000,000 available this year for advances for homes were distributed on the basis of a £3,000 unit, it would mean the building of 333 homes. Assuming that each person would pay £12 a month, the sum of £2,000 could be advanced. For £18 a month £3,000 could be obtained and, £3,500 for £21 a month. I believe that most houses will be obtained by people who will want £2,000. In 14 years each of the owners of the 333 houses will have paid back to the State Bank £1,006,992, or £3,024 a house. In 30 years they will have paid back £2,157,840 or £6,480 a house. If anyone tells me that is the only way in Australia to finance housing I will not believe it. This sort of thing cannot be condoned in any way.

Mr. Hambour referred to my remarks about the Commonwealth Bank and he inquired how I would get money from it. After he had introduced this discordant note about the Commonwealth Bank I took out some figures covering its operations for the last 11 years. During that period the Commonwealth Bank made a profit of £121,000,000 most of which went back into the Commonwealth Treasury. This huge amount that goes into consolidated revenue, taken from the people in interest charges on Commonwealth Bank loans, is then made available for capital works. We boast that such capital works as the Snowy Mountains scheme were financed from revenue, whereas the money came from the profits of the Commonwealth Bank, being dragged out of people because the Commonwealth Bank is a taxing authority for the Commonwealth Government. A sabre-toothed tiger never had greater fangs than that!

I am not criticising the Government for bringing in this Bill, but is it the best that Australia can do or the people can expect? I should not mind if the astronomical sums I have mentioned were used for housing, but it is wrong to pay into revenue money that is taken, a shilling at a time, from the people who must borrow to keep a roof over their heads. If only £2,000,000 from the £12,000,000 paid into revenue last year had been given to the Housing Trust, it would have served a much better purpose. Under the Commonwealth-State Housing Agreement we are only to get £1,205,000, yet £24,000,000 has been extracted from the people by the people's bank!

I want it clearly understood that I have no illusions about this Act. I analyse the position

from my experience and contact with the bank. I should like the Premier to disclose to the House the basic valuation figure used by the State Bank for brick and timber frame homes. Until we know that, we shall not know how far this money will go. With the various reservations I have mentioned, I support the Bill, although I know that people who think they will get £3,000 by providing a deposit of £160 will be greatly disillusioned when they go to the bank. In their interests, I think they should know just what they will be able to get under this legislation. I know that the State Bank is inundated with requests by people who are told "The Bill has not been passed yet, but we know it is to come, although it may not be what you think it is." These people look blankly at the bank officers and say "But it has been in the paper." They do not know, and I think it is time they were told. With the reservations I have mentioned, I support the Bill.

Mr. LAUCKE (Barossa)—I heartily support this Bill and am pleased to see that there will be an increase of £1,058,000, which is 73 per cent more than the amount provided last year. The sum of £5,000,000 is to come from the Commonwealth, £1,200,000 of which will be devoted to building through the agency of the State Bank. Everyone has an innate desire to own a home, and I think it is an excellent ambition for anyone to aim at ownership of a residence. It is surprising to see how much more interest is taken in an asset if it is the property of the person occupying it. It makes for good citizenship to encourage, as far as possible, the ownership of homes as the very centre of a good community life.

The provisions of this legislation are to be liberalized in two ways, and I think they are a major liberalization. In the first instance, the increase in the maximum advance from £2,250 to £3,000 is a major improvement, and there is a further liberalization in the decrease of the deposit from 10 per cent to 5 per cent. These provisions are, in my opinion, most generous and realistic and will enable a man to begin to pay for his home much more quickly than under the old legislation. The Bill provides that for houses that cost more than £3,000, 85 per cent is to be available from the bank, and that is to a degree tempered by the remarks of the Treasurer, who said quite rightly that the State Bank should see that each applicant provides as a deposit the maximum amount possible. I can see no harm in the bank's inquiring into the individual applicant's ability to pay and requiring him to pay as big a deposit as he can to make this money

go further and so meet the needs of more applicants.

The other tempering aspect is that the money to be available should be for building new homes, not to take over existing homes. That, I think, is a very good point, because it means that there will be more homes. The mere transfer of an existing house does not in any way solve the housing problem, so I endorse the intention to make money available for new houses only. However, there are cases where a little discretionary power could be applied, such as where a father could not assist his son to build a home because he could not obtain money on an existing residence. The £18 a month rental that would be applicable to a £3,000 home is not, in my opinion, a crippling amount of money to ask of anybody desirous of carving for himself and his family an asset of real worth. A motor car, for instance, would cost approximately £30 a month on terms. Many cars are driven by good folk who are prepared to pay £7 10s. a week for a car, but who would quibble at paying £4 10s. a week for a home. It is an entirely wrong approach because motor cars are, if anything, a liability, whereas a home is always an asset.

The Housing Trust has hitherto assisted by way of second mortgages. I hope that this Bill will relieve it of liability and further extend its facilities to enlarge its programmes. All in all, I regard this legislation as particularly generous, realistic and worthy of every support. I heartily support the Bill.

Mr. LOVEDAY (Whyalla)—I wish briefly to support this Bill, which is a slight improvement on the previous measure. Although the limit in the previous amendment to this Act was raised from £1,750 to £2,250, no amount of more than £2,000 was actually made available to any borrower as a result. People will be disappointed if they do not get the amounts they imagine they will get under this Bill when they apply to the bank for an advance. No doubt the same policy will be followed as hitherto, and the bank will have many borrowers prepared to build houses with advances much less than the maximum amounts fixed in this Bill. It should be made clear to people that, unless they are prepared to meet that situation, they will be disappointed because no doubt many of them reading statements in the press about this Bill imagine that they will be able to borrow up to the full amounts mentioned.

I feel strongly also about the difficulties experienced by wage-earners in purchasing

houses today. More than once I have pointed out that, whereas in 1938 a wage-earner could purchase a home on approximately 20 per cent of his weekly wage, since then it has become increasingly difficult for him to purchase a home and today he has to find approximately 30 per cent of his weekly earnings to pay the instalments due on his house. That proportion is too high. We must seek some way of finding finance for houses, other than the current conventional method, if we are to get the people housed satisfactorily and able to pay for their houses within a reasonable period. All these expedients of extending the time of repayment are merely concrete evidence of the fact that it is becoming more and more difficult for the wage-earner to purchase his own home. The other day we heard the honourable member for Mitcham (Mr. Millhouse) say that people represented by members on this side were not interested in purchasing houses, but were concerned only with rental houses. Unless something is done to make finance easier to obtain and available on better terms for building homes, rental homes will become more necessary and more popular than ever before. It is becoming increasingly difficult to purchase a home.

Mr. Millhouse—Do you not think that this Bill helps?

Mr. LOVEDAY—It is a slight help, but it will not help the people on the lower range of income very much. These arguments have been put forward adequately in the debate. It is quite clear that this will not help the wage-earner on the lower level of income; it will help some people, undoubtedly, but they must have a substantial deposit and will not get anything like the maximum amount mentioned in this Bill.

Unless money is made available at much lower rates of interest, people will be less inclined in the future to purchase their homes. It will not be a question of whether people believe in that or not; it will be a hard economic fact. Everywhere people are turning to rental homes to bring the amount of the weekly payments within their reach. It may be a matter of only a few shilling difference. It has been said here that the amounts payable in rent are almost as high as the instalments on purchase homes, but even 15s. or £1 a week makes all the difference to the wage-earner in meeting his weekly commitments. That is what he will look at.

We were debating earlier today hire-purchase in relation to savings. It is interesting to note that speakers are not prepared to put anything in the way of people being able to

purchase all sorts of things on the very easiest of terms provided purchasers are prepared to pay the necessary high rates of interest; but, with housing, which is far more important and basic, we find no support for making finance easier along the lines suggested by the Leader. If members opposite are sincere in their talk about wishing wage-earners to buy their homes, surely they should be interested in seeing that finance is more easily available and on much easier terms than at present.

Mr. Millhouse—What do you suggest?

Mr. LOVEDAY—I have suggested in the past that lower rates of interest should be chargeable on money available for financing homes. There is no reason why that cannot be done. There is no reason why one should go over this argument here tonight. The previous speaker has mentioned it and we have dealt with it many times. I see no real obstacle, if a concerted approach was made, to getting money more cheaply than one can today.

Mr. Frank Walsh—You can get it for cars at six per cent.

Mr. LOVEDAY—The honourable member for Light (Mr. Hambour) has spoken frequently of the necessity for people saving more but, while every facility is made available for mortgaging future wages on the easiest of terms, obviously people will not be induced to save much. About 80 per cent of the people in this country die with practically no estate, as they do in the United States. In other words, saving is being deliberately discouraged today as a result of the very easy purchase terms made available for every imaginable commodity; whereas it is not only difficult to get sufficient money to build a house, but, with the interest, the drain on a man's weekly wages is such that he is going off the purchase house and is becoming more inclined towards the rental home all the time. I hope that, when we come to the amendments, we shall have the support of members on the other side because the amendments improve the Bill slightly. The proposal is to extend the term of repayment to 50 years. As I said previously, that is further evidence of the need to extend the term to make it more possible for the wage-earner on the lower income level to meet his commitments when purchasing a home.

So far as the deposit is concerned, the other amendment foreshadowed will again make it easier for the person with a small amount of money to take advantage of this Bill. I hope that when these amendments come forward they will be supported by members opposite,

because if they are genuine in their desire that people should be able to purchase a home in preference to renting one, then surely they will support anything that will make that easier to be achieved. I support the Bill.

Mr. MILLHOUSE (Mitcham)—I congratulate the Government on once again increasing the maximum amount that may be advanced under this legislation and at the same time reducing the minimum deposit required. In spite of the cold water which members opposite have tried to pour on these proposals, I believe that this amending legislation will be a tremendous assistance to the people, especially to those who are trying to buy a home and start a family. Many members have spoken on this particular point, but I am probably the only member in that position and I know full well how difficult it is under present-day conditions to do that.

The Bill is a tremendous step forward in helping young people to buy a home. I am particularly pleased that this amendment has come before the House, because it is something I have been advocating ever since I became a member. In fact, my first suggestion in my maiden speech was that the maximum loan under this legislation should be substantially increased. I well remember that the member for Burra (Mr. Quirke) forestalled me by asking a question along the same lines. In 1957 the amount of the loan was increased to £2,250, and now we have this further very large increase to a maximum of £3,500.

I listened to, and have since read with great interest, the comments of the Leader of the Opposition on the Bill. He is moving an amendment to provide that the deposit shall be 5 per cent, not a minimum of 5 per cent as provided in the Bill. I do not agree with his suggestion. There is no reason why a person who is able to put down a deposit greater than 5 per cent, should take more out of the pool that is available for this purpose than is strictly necessary, because the more any individual takes out the less there is left for other people. If a person can pay a deposit of more than 5 per cent I think he should be obliged to do so. If, on the other hand, he is not in a position to make a deposit of more than 5 per cent, then the provision for such a deposit is here. The Leader, of course, does not agree with that. He said:—

I believe that this Bill is just a piece of window dressing on the part of the Government. He then went on to say that the Government felt it was losing its grip and was looking forward with some despondency to what was likely to happen in the early part of next year.

Of course, that is simply whistling in the dark. He then had the effrontery to go even further and suggest a deposit of 2½ per cent. If that is not window dressing, I do not know what is, and I think it is just and proper that somebody should comment on that matter. The deposit is being cut from 10 per cent to 5 per cent, which is an excellent move. The Leader thinks he will improve upon it, and after accusing us of window dressing he then suggests not his own amendment that the deposit should be 5 per cent, but that it should be cut to 2½ per cent. That is something which I believe he will never be in a position to carry out. I hope that when the amendment comes before the Committee it will be defeated. I support the Bill.

The Hon. Sir THOMAS PLAYFORD (Premier and Treasurer)—I have listened to this debate with considerable interest, particularly the suggestion that we should have cheaper houses and cheaper money. Those two very laudable objectives are something with which I think every honourable member will agree, but despite that we are not told just how these happy events can be brought about. In fact, we heard this afternoon that we would be having a 4½-day working week. Does that bring about cheaper houses? Quite obviously it does not. As to cheaper money, the last member who addressed himself to the question proceeded to say that nowadays no person troubled to save because he did not get anything for it.

This State has no power to make money or to borrow money, except upon the terms fixed by the Loan Council. In addition, the State has very limited taxing powers. These are the facts we have to face. It is rather significant that although members opposite say that if the Liberal Party were genuine in these matters it would be doing something different, the facts are that the terms offered in this Bill are the most liberal that are available in any State of the Commonwealth, whether it is under Labor or Liberal control. These terms were not included at the request of the Opposition, but were included by the Government, which has a thorough knowledge of the economic problem and is trying to meet it.

Mr. Shannon—It is obvious that whatever we put up the Opposition wants to raise the ante.

The Hon. Sir THOMAS PLAYFORD—The whole purpose of the Opposition arguments seems to be to belittle a genuine attempt to improve our housing conditions. The Labor Party seems to have a different policy on different occasions. We are usually

told that its policy is the greatest good for the greatest number, but when we try to give effect to that policy we are met with a series of objections and moves to defeat it. When the last Loan Estimates were presented to the House I did not hear any member say we were spending too much on education, hospitals, water, or electricity. In fact, every member opposite was advocating larger expenditure.

The fact still remains that the total amount available to the State is approximately £30,000,000. By straining every resource we have been able to make a slightly larger sum available to the State Bank than in recent years. We propose to raise the maximum advance to £3,500, but if we gave every applicant the full advance many applicants would get nothing. Indeed, if we advanced £3,000 to every applicant there would still be many who received nothing. This Bill is largely experimental and it goes much further than my Treasury officials advised that it should go. If we gave every applicant, irrespective of his need, an advance of £3,000 we would defeat the purpose of the Bill which is designed to assist the person who really needs the maximum advance. If the legislation is accepted no applicant will receive £1 more than is absolutely necessary to get a home. I realize that many people will ask for sufficient advance to enable them to retain some money to buy a motor car or some other gadget, but that is not the purpose of the legislation. If a person is credit-worthy, has a reasonable deposit and can make reasonable payments to meet his commitments he will be enabled to secure a home.

I think Mr. Loveday suggested that already there had been many approaches to the State Bank for information concerning the advances proposed under this Bill. That is so. The bank has had approaches from people who would normally secure advances under the War Service Homes Act, which provides for a maximum advance of £2,750. Obviously, they are people who desire the extra £250 that will apply under this Bill. To suggest that we should limit the number of people able to secure advances by giving an increased benefit to some at the expense of others is a retrograde proposal. We will deal with this particular point more fully in Committee and I do not propose to touch upon the amendments proposed.

Mr. O'Halloran—What have you been doing?

The Hon. Sir THOMAS PLAYFORD—I have been doing the same as members opposite—discussing what should be an adequate advance. The maximum advance will be the amount the circumstances of the applicant justify. If any

other interpretation has been placed upon this legislation by members opposite it is contrary to what I said in explaining the Bill. The legislation is a forward movement and if we can finance it it will be beneficial in that it will assist people to get homes and they will not be subjected to the vagaries of the Landlord and Tenant (Control of Rents) Act. I sometimes wonder whether that desirable objective is shared by all members. I thank members for the consideration they have given the Bill and I have no doubt more will be said in Committee.

Bill read a second time.

Mr. O'HALLORAN moved—

That it be an instruction to the Committee of the Whole House on the Bill that it has power to consider an amendment of section 32 of the principal Act.

Motion carried.

In Committee.

Clause 1 passed.

Clause 2—"Sale of dwelling-houses."

Mr. O'HALLORAN—I move—

In new subsection (2) to delete the words "such sum as is fixed by the bank but which shall not be less than."

I have another amendment on the files and the combined effect of these two amendments will be to make new subsection (2) read as follows:—

Before the bank sells a dwellinghouse to a person he shall pay to the bank—

- (a) five per centum of the purchase money, if the balance of the purchase money then payable to the bank does not exceed three thousand pounds;
- (b) 15 per centum of the purchase money, if the balance of the purchase money then payable to the bank exceeds three thousand pounds, provided that a person may make and the bank shall be bound to accept as a deposit any sum exceeding the sum so determined.

My amendments have been fully canvassed during the second reading debate, but members opposite have displayed little knowledge of the real purpose behind my proposal. Mr. Hambour said that the bank would not be able to accept any amount above five per centum of the £3,000 advanced, but that position is specifically provided for in the amendment. I accept Mr. Millhouse's rebuke when he said that I have referred to this Bill as a piece of window dressing.

The Hon. Sir THOMAS PLAYFORD—I think those remarks were made in the House and not in Committee. Mr. Acting Chairman, is the honourable member in order in debating in Committee remarks made in the House?

THE ACTING CHAIRMAN—The Leader is not in order.

Mr. O'HALLORAN—Not in order in saying that I accept the rebuke of the member for Mitcham? I am disappointed that I am not able to give him the credit to which he is entitled, but I bow to your ruling, Sir, because I have to admit it is sound. However, in previous debates and in answers to questions asked in previous sessions, particularly those directed to the Premier by the Deputy Leader of the Opposition, we have always been told that increasing the maximum amount of advances would reduce the number of people who could benefit under the Act. It has now been suddenly decided that the maximum advance should be substantially increased, and I agree that it should be, but I do not share the Premier's misgivings about the provision of finance because I have just heard the Federal Leader of the Opposition's proposal that will overcome that difficulty after he becomes Prime Minister next month. My amendment proposes that the borrower will have to find a deposit of only 5 per cent, though if he is in a position to provide more than that the bank will have to accept what he is prepared to pay.

The Hon. Sir Thomas Playford—So he could have £10,000 in the bank and still get an advance of £3,000?

Mr. O'HALLORAN—The Premier is being facetious because I cannot imagine anyone with £10,000 in the bank receiving even cursory consideration from the State Bank. Secondly, I cannot imagine anyone with £10,000 being silly enough to seek assistance under this legislation because I am convinced he could make a much better deal for himself outside the provisions of the Act. Those we are particularly anxious to assist are young married couples who have not had an opportunity to amass a considerable sum for a deposit on a home. The amendment will give to them what, by implication, they are entitled to under the Bill. A deposit of 5 per cent on an advance of £3,000 is not a small deposit when we remember that many years ago under a Labor Government it was possible to get a good home on a deposit of £25. If we do not make it possible for young people to get a home on a small deposit we shall have to provide them with rental homes through the Housing Trust, and that would cost the State much more than my amendment will.

The Hon. Sir THOMAS PLAYFORD (Premier and Treasurer)—The honourable member's last statement is completely inaccurate. Last week I visited Whyalla and saw

double unit rental houses being built by the Housing Trust at a cost of much less than £3,000. The houses being built by the Government for people of limited means are costing about £2,400, including the cost of the land. The average cost of a rental house to the Housing Trust is below £3,000. An amount of £3,000 for each applicant is more than we can provide this year, notwithstanding the assurance of the Leader of the Opposition that overnight we will get all the money we want. There is no way of judging the future except by knowing the happenings in the past. My experience of Labor Governments is that they never come to light with the millions of pounds they speak about. It has always proved to be the opposite. In the unlikely event of Labor being returned at the next Commonwealth elections it will be faced with economic difficulties in the same way as the Labor Government was in New Zealand. When in opposition it promised all sorts of grandiose schemes, but when it took office it found it could not do what it promised.

Mr. Lawn—What about Mr. Bolte?

The Hon. Sir THOMAS PLAYFORD—He has come up against difficulties. He has preached the same thing as the Leader of the Opposition and the Federal Leader of the Opposition. We shall have to distribute only the amount provided in the Loan Estimates for the provision of houses. I shall not be like Mr. Bolte and ask for a bit more from the Commonwealth, because it would not be worth the paper on which it was written. This year the Commonwealth Treasurer is faced with a deficit of more than £100,000,000. Wool prices are not so buoyant now and we are borrowing money from London at  $6\frac{3}{4}$  per cent and from America at about 5 per cent. The provisions of the Bill stretch to the limit what can be done with the money available for the building of purchase homes. If we give £3,000 to each applicant whilst the money lasts it will mean that some applicants will get nothing. Last year, when the maximum advance was £2,250, the Government had to make additional money available to the State Bank, and then applicants had to prove that they really wanted the money. If we compel the bank to advance £3,000 to all applicants, when some do not really want it, there will not be much left for other applicants.

The Leader of the Opposition said his amendment applied particularly to young folk, but it has no more to do with them than with older folk. As a matter of fact, his proposal will probably deprive some young people of an



advance. It is in times of prosperity, when people migrate to the State, that a burden is placed on our housing programme. In depression years there are many empty houses. When the last Labor Government was in office in this State it did not have the problem of financing the building of houses, and in three years it advanced money for the building of only five houses. I do not blame the Labor Government for the depression, but undoubtedly in times of depression there is no housing problem. It comes only in times of prosperity. Members would be surprised to know just how much building activity is taking place in the various districts. Houses cost varying amounts because they are of different standards. The member for Burra wanted to know the amount provided per square by the State Bank. Quite frankly, I have never heard that the bank has ever fixed any figure on this basis.

Mr. Quirke—It has very definitely done so.

The Hon. Sir THOMAS PLAYFORD—There are various standards of houses and various types of fittings. I have seen a wide variety of costs for different homes of the same area, because of the difference in the fittings and other things provided in them. I will check this and if possible obtain the information, but as far as I know there is no basic figure per square. Valuations have always caused the Government concern, because it is quite easy to include in an Act that the deposit shall be 5 per cent and then to value houses so that the deposit demanded is actually 25 per cent.

Mr. O'Halloran—There is nothing in this Bill to deal with that.

The Hon. Sir THOMAS PLAYFORD—That is so, but it is a matter that has caused the Government much concern, and it has had some specific values established. For example, the Commonwealth Bank and the War Service Homes Division will accept the purchase price of a trust home as its value. This rule has been in operation for a considerable period.

Mr. Quirke—Does the State Bank do that?

The Hon. Sir THOMAS PLAYFORD—I think it does, but I will check that.

Mr. Hambour—It recognizes some of the houses, but not all.

The Hon. Sir THOMAS PLAYFORD—I do not know about the State Bank, but I know that the two Commonwealth instrumentalities accept this figure, and as far as I know have done so for some time. It is a long time since I have had a complaint from a house purchaser about the valuation. We have even gone so far as to appoint or approve valuers in certain instances where the Homes Act is involved to see that valuations are fair and proper. I ask

the House not to accept this amendment, because I believe it would deprive some persons of an advance to which they would otherwise be entitled and would provide others with an amount they could possibly do without.

Mr. FRANK WALSH—I hope the House will support the amendment. Will any of this money be made available for purchase of existing homes, or will it be for advances only to people who contemplate building? Let us assume it is a deceased estate. Would any of this money be advanced for it? Probably the Premier would say it would not. Who will be financed—the people who buy trust homes or those who intend to build their own homes? A person applying to the State Bank for an advance is first told to have the walls topped, after which he may ask the bank if it will assist. I wonder if the money that will be made available will be sufficient for advances for the purchase of homes built by the Housing Trust, or will the trust be able to say it has sufficient money not to need assistance from the State Bank? Before a vote is taken on this point, perhaps the Premier will be able to tell members whether the trust may make second mortgages available, seeing that they are approved and financed by the Treasury Department, or whether there is some other method of making the necessary advances. I maintain that the amendment is more in harmony with the present Act than with clause 2 of the Bill. If the Government really appreciates the desire of people to own their own homes, and has regard to the costs involved in the acquiring of land and the provision of transport, it will support the amendment in the interests of the State.

Mr. HAMBOUR (Light)—I am opposed to the amendment because it is contrary to what I believe. I am convinced that the intending buyer should pay as much as possible as a deposit on his home; for instance, he should not be allowed to pay £150 and at the same time buy a secondhand jalopy. However, if a man must have a vehicle to provide transport to his work, that should be taken into consideration.

I am concerned about the procedure to be adopted in obtaining these homes. People in my district will be interested in having their homes handled by the Housing Trust and I presume the money would be obtained from the State Bank. I accept completely the principle that the deposit shall be as large as possible but, where the intending purchaser can prove that he has only the minimum amount of deposit would the trust arrange the balance

for him from the State Bank? Would it be necessary for a country resident to negotiate his own business with the State Bank? People are awaiting the passing of this Bill. All I am asking the Housing Trust to do is to make the necessary arrangements with the bank. I am not asking it to supply the money.

Mr. CORCORAN—What would you stipulate as the maximum amount of deposit?

Mr. HAMBOUR—If a man has £600 I say he should pay £600 down. I do not believe he should be allowed to have money in the bank and at the same time use State money.

Mr. CORCORAN—Supposing he has not got £300: how does he get an advance?

Mr. HAMBOUR—If he has £299 he should pay £299; if he has £151 he should pay £151. The amendment provides that if a man had £800 he should be required to pay only £150 as a deposit. That is quite wrong. The Government is the authority for providing this money and should be entitled to make the conditions. I have learned that single prefabricated homes can be purchased for about £2,750; solid construction cottages for about £2,700 and brick veneer houses for £3,000. If the Government can supply a home for £150 deposit to those who cannot afford more, I shall be happy.

Mr. QUIRKE—I do not think the amendment has any virtue. We are discussing this question on the basis that the Housing Trust will build these homes, and indeed it probably will build many of them. When a person approaches the State Bank with plans it inspects them and asks the contract price. The applicant may say “£3,000,” but the bank may value the house at £2,500, which is the value on which it will advance. An applicant may need all the money he has to top the walls of the House. He does not receive any advance until he has done that. If the applicant is acting as his own contractor, or employs a contractor, he must be able to provide the money for the work to proceed that far, unless the builder is prepared to stake him to that extent. I cannot see any particular virtue in this amendment.

Mr. RICHES—I support the amendment because I fear that without it there is no guarantee that any prospective house purchaser will be able to obtain a loan at the rates which the Premier mentioned when explaining the Bill. He led the people to believe that it would be possible under this legislation to obtain a house for as little as £160 or a block of land of that value. Many young people were hoping to avail themselves of that condition. I recognize—and I believe

the people recognize—that there will not be sufficient money provided this year to meet all the applications that will be lodged, and I believe the Premier has admitted that. Many who have only sufficient for a 5 per cent deposit will be disappointed.

Without this amendment I cannot see anything in the Bill that will guarantee that anyone will get an advance on a 5 per cent deposit. By adopting any one of three practices the bank can ensure that in every instance the deposit shall be more than 5 per cent. Firstly, the percentage of deposit is in relation to the bank valuation of the building, not the cost price or the purchase price, and by that means more than 5 per cent can be demanded. Secondly, the bank can ensure that those in a position to put up more than 5 per cent will get preference in the allocation of the money. Indeed, if I understood the Premier rightly, that is the trend he would like the bank to follow. It is his avowed policy that the money should be available to as many applicants as possible, which means that those who require the lesser amounts will be the ones more favourably considered by the bank. That is a logical deduction to draw. Thirdly, when explaining the measure the Premier said that he hoped that this would be the means of relieving the Housing Trust from advancing money under second mortgage. If that eventuates it is difficult to see that there will be any more home purchase proposals available to the State than last year.

In almost every instance in which Housing Trust homes have been sold in the country the purchasers have had to find an additional advance, and in many instances the trust has arranged a second mortgage, I think advantageously to the purchaser. If the trust ceases to arrange second mortgages when this legislation comes into operation, the overall effect on home purchases will not be very marked. Under the legislation the bank may make a loan on a 5 per cent deposit.

Mr. O'Halloran—But the Premier said he was going to instruct the bank not to do it.

Mr. RICHES—That is how I understood his remarks. I take it that he has given a clear direction to the bank that it is to make the money go as far as possible, and that indicates to me that those that require the lesser sums will receive preferential treatment. If the Premier can clear that matter up I shall be much happier.

The Hon. Sir THOMAS PLAYFORD—The member for Edwardstown touched upon this point when he requested a clarification of what

happens when the bank is selling a house. The amendment deals with the case where the bank is selling the house. If members take the trouble to study the principal Act they will see that in those circumstances the bank enters into an arrangement to erect the house and sell it to the person concerned. The amendment does not deal with the case where the bank is finding the finance for somebody else to purchase a house. That is dealt with in subsequent sections, to which the honourable member has not proposed any amendments.

Mr. O'Halloran—Not yet.

The Hon. Sir THOMAS PLAYFORD—At present there is no amendment on the files. The amendment deals with cases where a person owns a block of land and asks the bank to enter into an agreement to erect a house and sell it to him. I would think that this type of house would be much more expensive than a Housing Trust home. The Leader said that it was possible in the good old days to get a house for a deposit of £25, but that is not a fact.

Mr. O'Halloran—It is.

The Hon. Sir THOMAS PLAYFORD—The original section of the Advances for Homes Act stated:—

Subject to this Act, the bank may sell to any qualified person, who satisfies the bank that he is qualified for assistance under this Part, a dwellinghouse acquired or erected in pursuance of the last preceding Division, together with the land on which it is erected. Such person shall pay to the bank a sum of not less than £25.

That is exactly the same as we are providing now, only we state "not less than five per cent." The amount was not £25 if a person had more. He had to prove he was qualified. The section also stated:—

The sale may be upon such terms and subject to such conditions as are prescribed or are fixed by the bank.

A person did not have to pay only £25, it was an amount of not less than £25. The bank had the discretion of fixing the terms and conditions of the advance. A person had only to prove he had limited means before he became qualified. The proposed legislation is similar in design and administration. I hope the Committee will not accept the amendment, which I believe is detrimental in that it will prevent some people from securing advances while others will get more than they require.

Mr. Riches mentioned the activities of the Housing Trust, and I have no doubt that the trust in some instances will still be required to provide second mortgages, but it is quite

apparent that if it has to provide the same amount on second mortgage as it provides now, the sum total of the present proposal will be to give greater benefit to fewer people and less people will benefit over-all. That causes me some concern because I believe that when our finance is limited it should be spread as much as possible. A couple of days ago an acquaintance called and sought my assistance in securing a loan to buy a house. I asked if he had a deposit, but he said he could not possibly raise any money. He drove up in a brand new motor car. I do not say that a person should not have a motor car, but I believe a house is more important to a family. If we hand money out freely and do not check the *bona fides* of people we will get a situation like that. Many people in good positions today apply for advances from the Commonwealth and State Governments. For some time trading banks have not undertaken credit foncier loans for housing, and insurance companies which once engaged in housing now only engage in a limited way. The big call for house financing is upon State instrumentalities, not only from qualified persons but from persons generally. I hope the amendment is not carried.

Mr. O'HALLORAN—I would not have replied, only I believe the Premier has attempted to mislead the Committee on this question.

The Hon. Sir Thomas Playford—I object to that statement.

Mr. O'HALLORAN—Then I will say that the Premier inadvertently may have created a wrong impression. I was a member of this House when the £25 deposit was established. The Premier said that the bank could have insisted on a larger deposit, but the facts are that in those days the bank did not insist on a larger deposit and 1,000 houses were erected by the bank at Colonel Light Gardens and sold on a £25 deposit.

The Hon. Sir Thomas Playford—Were all those homes sold on a £25 deposit?

Mr. O'HALLORAN—Yes. I understand the term "qualified person" related to a person who did not own another house. For the homes at Colonel Light Gardens preference was given to applicants living in rooms, or substandard houses, and with large families. I only seek to provide homes for the most deserving people. If we restrict the application of this legislation to the people on higher incomes we shall probably be able to provide more homes, but we should have first

regard for young people who have not had the opportunity of amassing a fairly large deposit.

The Hon. Sir THOMAS PLAYFORD—The original provision about “qualified persons” was based on the incomes of applicants. It stated:—

For the purposes of this Part the following persons shall be qualified persons:—

- (1) Any person who at the time of making application to the bank under this Part is in receipt of an income not exceeding £450 per annum and whose income is derived, as to at least four-fifths thereof, from actual personal exertion.
- (2) Any person who, at the time of making application to the bank under this Part, is in receipt of an income not exceeding £450 per annum and who is a woman or a person who by reason of invalidity or other cause is unable to work.

Mr. O'Halloran—It was restricted to people of limited means.

The Hon. Sir THOMAS PLAYFORD—That is right, but the term “qualified person” no longer obtains. The amendment will apply to people who may not be of limited means, and that is my objection to it. We may not be providing money to the people who sorely need it.

Mr. LOVEDAY—The Premier said we may not be providing money for people sorely needing it, but that could apply under the Bill. The absence of the term “qualified person” does not mean that the State Bank makes no investigation into an applicant's affairs. Some time ago the maximum advance was raised from £1,750 to £2,250, but I have been informed that the bank made no loans over £2,000 because it found many borrowers who could provide a sufficient deposit to be able to get a house on an advance of not more than £2,000. The bank was anxious to spread the money, and I believe it will still require a deposit of more than 5 per cent to spread the money as far as possible under this legislation. Therefore, it will favour people able to put down substantial deposits. Deserving people with large families will not be able to provide a substantial deposit, so they will not be favoured by the bank. The amendment deserves more consideration than it is getting.

Mr. QUIRKE—From what the Premier has said it is apparent that Mr. Loveday's deductions are correct. The people of limited means are those requiring most money from the bank. Will they lose their priority for an advance because most applicants will not need as much money as they? I believe the purpose of the Bill is to provide a house to a person with

little money for a deposit, but it seems that such a man will stand no chance of getting an advance. That situation should not arise, and it may be necessary to earmark a certain amount for people with only a small deposit.

The Hon. Sir THOMAS PLAYFORD—Mr. Quirke is correct in assuming that the bank will want to make its money go as far as possible, but it has power to advance as much money as it likes on a dwellinghouse. It can advance £5,000 on a house.

Mr. O'Halloran—Under this legislation?

The Hon. Sir THOMAS PLAYFORD—No, but under its general powers. The legislation was designed to enable a person with limited means to purchase a house. Under such circumstances the Government, not the bank, takes the risk of any loss, and therefore the Government determines the policy. The amount is being raised to £3,000 to assist a person who has, say, £2,250 and who has difficulty in finding the balance of the purchase money required. If he has no difficulty in finding the additional money, he will get from the bank no more than the £2,250 because a greater advance would prevent other people from getting an advance. The Opposition wants each applicant to get £3,000, whether or not he needs it, and to allow him to decide whether or not he will put, say, £500 into the house or into a motor car. Neither the Commonwealth nor any State has been able so far to advance £3,000. Under the War Service Homes Scheme there is a long waiting list. Some applicants have had to wait up to 18 months, and the advance is only £2,750.

Mr. Quirke—Under that scheme the applicant can get £2,750 even if he hasn't got two bob.

The Hon. Sir THOMAS PLAYFORD—I do not think that is correct. As far as I know, the applicant has to provide a deposit of 10 per cent. Some of the money to be made available under this legislation comes under the Commonwealth-State Housing Agreement and I had to get the terms in the Bill approved. I assure members that the Government desires to assist home seekers in the best way possible and I think the amendment will have the opposite effect.

The Committee divided on the amendment:—

Ayes (12).—Messrs. John Clark, Coreoran, Dunstan, Jennings, Lawn, Loveday, O'Halloran (teller), Ralston, Riches, Stephens, Frank Walsh and Fred Walsh.

Noes (15).—Messrs. Bockelberg, Brookman, Coumbe, Goldney, Hambour, Heaslip, Hineks, King, Laucke, Millhouse, Pattinson, Pearson, Sir Thomas Playford (teller), Messrs. Quirke and Shannon.

Pairs.—Ayes—Messrs. Davis, Tapping, Bywaters and Hutchens. Noes—Sir Malcolm McIntosh, Messrs. Dunnage, Harding and Geoffrey Clarke.

Majority of 3 for the Noes.

Amendment thus negatived; clause passed.

Remaining clauses (3 to 9) passed.

New clause 3a—"Period for repayment of loan."

Mr. O'HALLORAN—I move to insert the following new clause:—

3a. Section 32 of the principal Act is amended by leaving out the word "forty-two" in line seven of subsection (1) thereof and inserting in lieu thereof the word "fifty."

During the second reading debate I explained this new clause very fully. Its sole purpose is to extend the terms of payment to 50 years to bring the matter more within the reach of people with moderate means. The maximum term permitted under the Act now is 42 years, but I understand that in most cases the maximum term granted is 30 years. I pointed out during the second reading debate that if we do not do something in this regard we will place most burden on people on low incomes. The weekly payments on £3,000 for 30 years would be £3 19s.; for 42 years, £3 10s.; and for 50 years £3 7s. 6d. Admittedly, the longer term does not greatly reduce weekly payments, but it is an important reduction when, in addition to meeting instalments of interest and principal, house owners have to meet the considerable liability of rates, taxes and repairs.

I have selected the term of 50 years because I understand that this money is borrowed under the terms of the Financial Agreement by which the State has to repay loan money in 53 years, so I think 50 years could be permitted under this legislation to lessen the burden on people on low incomes. I think this is a laudable request, as it will not affect the amount available for housing and it will make it possible for people on low incomes to meet their commitments.

The Hon. Sir THOMAS PLAYFORD—The present procedure, which is laid down in the principal Act and has been the subject of many amendments over the years, provides for a maximum of 42 years. Originally, the Act provided for a repayment period of 42 years in the case of a dwellinghouse composed of brick, stone or concrete, 20 years in the case of a dwellinghouse composed of wood or iron, and such period as determined by the bank in the case of a dwellinghouse composed partly of brick, stone or concrete, and partly of wood or

iron. This provision was amended in 1957 to provide that 42 years would be the maximum for all types of homes. I do not believe any loans are made for 42 years at present; most are for 30 years. The reason for this is that the sooner the advance is repaid the more money is available to lend to other people.

Mr. O'Halloran—What about the possibility of repayment?

The Hon. Sir Thomas Playford—The money has been lent for only 30 years because when it is repaid it goes into circulation and assists other people. A person who requires money for 50 years monopolizes it for a longer period, so to say that the longer period will not affect the number of houses financed is not strictly correct. If the bank made all loans for 42 years as provided by the Act now, less houses would be financed. The bulk of this money is provided under the Commonwealth-State Housing Agreement, and is repayable by the State in 53 years. The more rapidly the money is repaid the more rapidly it can be lent to others.

At present the Housing Trust and the State Bank are providing from repayments much of the money required for housing. I realize this amendment is in a totally different category from the previous amendment, as this leaves the period at the discretion of the bank, whereas the other amendment made it obligatory for the bank to provide £3,000 if it sold a house at all. This amendment merely removes the embargo on the bank by which the money must be repaid within 42 years. If the amendment is carried, the bank will have to get it back in 50 years, but this will not alter the bank's policy if it desires to get the money back in a shorter period. Under those circumstances, and on the understanding that the amendment does not commit the bank to 50 years and that it will still have the discretion it had previously, I will not hold up this Bill by refusing to accept the amendment.

Mr. O'Halloran—There is no attempt to direct the bank.

The Hon. Sir THOMAS PLAYFORD—In those circumstances I accept the amendment.

New clause 3a inserted.

Title passed. Bill read a third time and passed.

#### ADJOURNMENT.

At 10.13 p.m. the House adjourned until Thursday, October 16, at 2 p.m.