HOUSE OF ASSEMBLY.

Wednesday, October 22, 1958.

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

QUESTIONS.

SILENCERS ON RIFLES.

Mr. JENKINS—Today's *Advertiser* reported that a heifer had been shot at a Hahndorf property yesterday and that a week or two ago about 30 stud angora goats had been shot. One of my constituents told me that several geese and three or four sheep had been shot recently, and that silencers were being used on rifles. Section 8 (1) (*f*) of the Animals and Birds Protection Act states:—

The Governor may from time to time, by proclamation, declare any specified device, or any specified device which is used in any other than the manner prescribed for its use, to be an illegal device.

Will the Premier consider having that provision invoked by proclamation to prohibit the use of silencers on rifles so as not to interfere with anybody shooting legally, but to stop people using them for illegal purposes?

The Hon. Sir THOMAS PLAYFORD—Speaking personally, I sometimes find it necessary to have a second shot, and there may be some advantage in not having the game too wary; but I will have the matter examined.

CAMPBELLTOWN RUBBISH DUMP.

Mr. LAUCKE—Has the Premier a reply to my recent question about the pollution of waters of the River Torrens below Highbury?

The Hon. Sir THOMAS PLAYFORD—I have received the following report:—

The tip referred to in the *Hansard* report of September 30, has been inspected several times during the last three years by officers of the Department of Public Health. Generally, the method of tipping in use is satisfactory from a public health point of view. The site is, however, considered to be unsuitable because it is near the River Torrens, which is subject to flooding. When floods occur there is always a risk that conditions may result which make controlled tipping difficult or impossible. There is also a risk of parts of the tip being washed away and refuse exposed or washed into the river. For these reasons the Central Board requested the Local Board of Health for Campbelltown to seek other more suitable sites for the tipping of refuse.

TIMBER INDUSTRY DISPUTE.

Mr. HARDING—I understand that yesterday a meeting was to be held between tree fellers working in South-Eastern forests and other parties with a view to settling a dispute there. I have not seen any report of it in today's newspaper. Has the Minister of Agriculture any information on the outcome of the meeting?

The Hon. D. N. BROOKMAN—No, but I will get the information for the honourable member.

SUPREME COURT ACT AMENDMENT BILL.

His Excellency the Governor, by message, recommended to the House the appropriation of such amounts of the general revenue of the State as were required for the purpose mentioned in the Bill.

BRIGHTON CORPORATION BY-LAW: CONTROL OF FORESHORE.

Mr. MILLHOUSE (Mitcham)—I move:—

That By-law No. 1 of the Corporation of the Town of Brighton for regulating bathing and controlling the foreshore, made on April 28, 1958, and laid on the table of this House on September 16, 1958, be disallowed.

This by-law is a long one dealing with a number of matters. Although a number of alterations are made on a number of subjects the by-law is substantially the same as the existing one; in fact, there is only one matter which exercised the minds of the members of the Joint Committee on Subordinate Legislation. However, Parliament has no power to grant or disallow part of a by-law, so it has to be all or nothing, and I am moving, on the instruction of the committee, for the disallowance of the by-law. The part in question deals with exercising horses on the beach at Brighton, and in particular with the times at which horses can be exercised and the parts of the beach which can be used for that purpose. The evidence before the committee showed that the Trainers' Association, about 12 months or more ago, approached the Brighton Council with a request that the hours during which horses could be trained on the beach be extended. The present by-law prescribes the hours between midnight and 8 a.m. the whole year round, and the Trainers' Association asked that in the winter time the hours be extended by "an hour or so."

Negotiations were entered into between the council and the association, and the council decided to extend the hours in the winter time until 9 a.m., and to reduce the time in summer to 7 a.m. It was further decided by the council, against the wishes of the Trainers'

Association, that the area which could be used be reduced by about 157 yards. That decision was embodied in the by-law now before the House, and I shall quote from the council's evidence that was given to the committee. The relevant part states:—

Paragraphs (6) to (10) relate to the use of the foreshore by horses. The council has reduced the area in which horses may be unconditionally exercised. Previously the area was between Gladstone Road and a point 150ft. south of Harrow Road. The amended area is between Gladstone Road and Repton Road, a reduction in length of about 157yds. This section is immediately west of Minda Home, does not abut a made road, and consequently is not very popular with persons using the beach. Within the amended area horses may be exercised without restriction between the hours of midnight and 9 a.m. from May to September and between midnight and 7 a.m. from October to April. Previously the hours were from midnight to 8 a.m. all the year. Under the new by-law horses are not allowed on any section of the foreshore, except that referred to above.

That is the explanation of the clause in the by-law. Clause 7 states:—

No person having the care or control of any animal shall use or occupy with such animal for the purpose of entering the sea with such animal any portion of the foreshore situate between a line continued westerly from the southern alignment of Gladstone Road and a line continued westerly from the northern alignment of Repton Road and then only between the hours of 12 o'clock at night and 9 o'clock in the morning during the months of May, June, July, August and September of any year and between the hours of 12 o'clock midnight and 7 o'clock in the morning between the months of October, November, December, January, February, March and April of any year.

Clause 11 states:—

No person having the care or control of any horse shall use with such horse any portion of the foreshore under the care, control and management of the council or any reserves or roads adjacent thereto except that part of the foreshore which lies between a line continued westerly from the southern alignment of Gladstone Road and a line continued westerly from the northern alignment of Repton Road. . . .

There is only one additional point and it concerns a drafting error that the council admits was made in clause 11, which prohibits any horse from using any road in the municipality abutting the foreshore, except two roads leading to the beach. In other words, it would not matter whether a person was training a horse or riding one for pleasure. In fact, as the clause stands now there are only two roads in the municipality of Brighton abutting the foreshore that can be used by horses.

That is the substance of the complaint from the Trainers' Association. I will not go into the rights and wrongs of the controversy that has arisen. Normally it would be a matter which would interest members and upon which they would have to make up their minds. In this case the Brighton Council is prepared to modify the by-law and substantial agreement has been reached. I do not think I am unfair in saying that that is due to the good offices of the committee.

Mr. Hambour—Agreement between trainers and the council?

Mr. MILLHOUSE—Yes. The committee has had a letter from the Brighton Council, which I will read, embodying amendments which the council is prepared to make. The letter is dated October 7 and was addressed to the Hon. E. Anthoney, chairman of the committee:—

Following on the conference between your committee and representatives of this council I have to advise that I am authorized to state that if the amendment to by-law No. 1 *re* foreshore control is approved in its present form the council will at the meeting following receipt of the advice of approval adopt a further amendment providing for the following:—

Paragraphs 7 and 11.

(*a*) By deleting the words "and a line continued westerly from the northern alignment of Repton Road" and inserting in lieu thereof "and the westerly continuation of a line drawn parallel to the southern alignment of Harrow Road at a distance of 150ft. south thereof."

That might sound double-Dutch, but it allows horses to train on the same area of beach under the new by-law as under the old. The letter continues:—

(*b*) By deleting the words "between the hours of 12 o'clock midnight and 7 o'clock in the morning between the months of October" and inserting in lieu thereof "and between the hours of 12 o'clock midnight and half past 7 o'clock in the morning between the months of October"

That refers simply to the time limit. It extends the time in the summer months from 7 o'clock to 7.30. The council proposes to allow horses to remain on the beach until 9 o'clock in the winter, which is the minimum sought by the Trainers' Association, but to restrict the time in the summer from 8 a.m. under the existing by-law to 7.30. The council will allow the same area of beach to be used and has only cut the time back in the summer by half an hour and extended it by an hour in the winter. It is also prepared to alter the words from "or any reserves or roads adjacent thereto" to "or any reserves

adjacent thereto.'' In other words the drafting error to which I referred has been dealt with, and horses will be able to go down any road abutting the foreshore. The Brighton council asks Parliament to let the by-law go through in its present form upon an undertaking that the council will amend it so as to embody the agreement reached with the Trainers' Association. The Joint Committee gave serious consideration to the council's suggestion. There is no thought that the council will not honour its undertaking.

Mr. Lawn—We should not do business that way.

Mr. MILLHOUSE—The honourable member is right. After considering the matter seriously, that is how the committee viewed it. It does not think that there is any lack of good faith on the part of the Brighton council but it felt that it would not be good practice to allow the by-law to go through on an undertaking to amend it. There is always the chance of confusion as to exactly what is meant. In this case there has been a tremendous amount of controversy both inside and outside the House on the merits and demerits of the by-law. The committee feels that it would be undesirable for such a controversy to be left up in the air by agreeing to what could be an unsatisfactory arrangement. As the member for Adelaide (Mr. Lawn) said, it is undesirable that Parliament should allow a by-law to go through knowing it contains errors that are acknowledged on all sides and that within 12 months it will probably have to be amended because of those errors or because the council desires to change it. The committee thought that undesirable. The fourth point is that the bulk of the by-law simply re-enacts a previous by-law, and it seems that no great hardship will occur to anyone by allowing the present by-law to run on for nine or 10 months. Because of this, the committee felt there was no great urgency about the matter. Finally, and probably most important, the committee cannot bind its successor. Between now and the time the amendment of the by-law would be placed on the table again, we shall have had a general election; this Parliament cannot bind its successor nor can the present Joint Committee on Subordinate Legislation bind its successor. For the five reasons I have given, the committee had no other course than to move for the disallowance of this by-law to allow a fresh by-law embodying these arrangements to come before the House later, even though its members felt that the compromise arrived at was fair.

Motion carried.

HINDMARSH CORPORATION BY-LAW: TRAFFIC.

Mr. MILLHOUSE—I move—

That by-law No. 5 of the Corporation of the Town of Hindmarsh in respect of traffic, made on February 17, 1958, and laid on the table of the House on September 16, 1958, be disallowed.

This by-law contains a number of matters, but only one that the Joint Committee on Subordinate Legislation questions. This is contained in clause 11, which provides:—

Any person who washes any vehicle in any street or road in the municipality of Hindmarsh by means of a hose attached to a water supply shall be guilty of an offence.

In other words, the by-law makes it an offence to hose down any vehicles in any street in the municipality. The by-law defines ''vehicle'' as:—

In this by-law except where the context requires a different construction ''vehicle'' means and includes any description of vehicle upon wheels and includes a motor vehicle and also a bicycle but does not include any vehicle on a railway or tramway.

The definition is wide enough to include anything on wheels except a tram or train. On the face of it, the committee felt that the clause went too far, and following the normal practice, referred the matter to the member for Hindmarsh (Mr. Hutchens), who was kind enough to get in touch with the Town Clerk. Subsequently, Mr. Hutchens wrote to the chairman of the committee, and I shall read one paragraph from his letter because it explains why the council inserted the clause:—

The Town Clerk assures me that the by-law is desired only for the purpose of giving power to the council to prevent washing of heavy vehicles on the roadway or footway. In this respect the council have had trouble caused by users of such vehicles washing great quantities of mud off daily and damaging the roadways and leaving large deposits of mud on the roads.

The object of the council was simply to prevent the washing of heavy vehicles, but in fact the by-law was so framed that it includes anything from a child's tricycle to a heavy vehicle, so it appears to go a long way beyond the intention of the council. The committee felt that the by-law in its present form was an unwarranted interference with the rights of private individuals, and for that reason a motion for disallowance has been introduced into both Houses. I regret that it is not possible simply to strike out this clause from the by-law, as the rest could stand perfectly well on its own. It was with regret that the committee instructed me to move for disallowance.

Mr. HUTCHENS (Hindmarsh)—I do not wish to oppose the motion. I thank the committee and its chairman for having brought this by-law to my notice and enabling me to confer with the Town Clerk of Hindmarsh. I agree with the committee that a by-law should state its intention without any doubts, and that this by-law goes far beyond the intention of the council. From my conversation with the Town Clerk it was obvious that the council required this by-law only to overcome a difficulty it experienced with regard to the washing of heavy vehicles used to carry earth that caused a great deal of trouble in the district. As the mover has clearly stated, there are many other parts of the by-law that could have been of benefit, and it is regrettable that the whole must be disallowed because of an error in one small part. I appreciate that the committee had no alternative, but I suggest that the Government consider permitting it to strike out for the time being the parts of a by-law that it considers should be disallowed. The preparation of by-laws such as these no doubt costs a council and others much time and money. This by-law covers three printed foolscap pages, and it does not need much imagination to appreciate the cost of preparing it. If this by-law were passed it would give a number of other powers to the council, one relating to time limits in certain streets, which is of great value at the moment in Hindmarsh because, with the installation of parking meters in the city, traffic problems are increasing daily as more people use the popular Hindmarsh shopping centre. Hindmarsh is a highly industrialized area, but its streets, which were constructed years ago, were designed to carry light loads and they are not satisfactory for heavy traffic. The council, in its wisdom, sought to insert a provision in the by-laws now being disallowed to protect the roads by imposing weight limits. I agree with the Subordinate Legislation Committee that if a council designs a by-law with a specific intention it should stick to that intention and not widen it. I believe it would be in the interests of all councils and would make the work of the Subordinate Legislation Committee much more satisfactory if that committee were permitted to recommend the disallowance of sections only of by-laws, thus permitting councils to retain those provisions that would be satisfactory to all and advantageous to the public.

Motion carried.

WRONGS ACT AMENDMENT BILL.

Adjourned debate on second reading.

(Continued from August 27. Page 555.)

Mr. MILLHOUSE (Mitcham)—This is a somewhat technical matter in which some members have a particular interest because of their profession. It may appear to be unduly complicated and technical to other members of the House, but I agree with Mr. Dunstan that it could affect a number of people in the community unfortunate enough to lose a relative through the wrongdoing of other people. I support the second reading of the Bill, but confess that there is only one part of it with which I am in agreement—the provision that will oblige a court to leave out of account any moneys that have been voluntarily collected by, say, workmates for the widow of someone who has been killed. As Mr. Dunstan explained, at present if an amount of, say, £200 is collected by workmates of a deceased person, that amount is taken into consideration by the court when fixing the quantum of damages to be awarded to the widow. There seems to be no logical reason why the wrongdoer or, let us face it, his insurance company—because that is what it comes to—should get the benefit of that spontaneous generosity. I should not imagine that this problem would arise very often. I can only recall two instances in which it has happened, but there could be others. My only reason for supporting the second reading is so that I may support clause 3 (2) (ii). With regard to placita (iii) and (iv)—

Mr. Hambour—What do you mean by "placita"?

Mr. MILLHOUSE—It means "sub-paragraphs." I do not agree with Mr. Dunstan's contentions in respect of placita (iii) and (iv). Placitum (iii) states:—

Any sum paid or payable consequent upon the death of the deceased person under any contributory medical hospital death or funeral benefit scheme.

I sympathize with the member in his object, but I think there is one point he has overlooked. When a court assesses damages in a fatal accident the damages fall under two heads: one is general damages—damages at large—and the other special damages—out-of-pocket expenses, which include the cost of the funeral, medicines, doctor's bills and so on. Mr. Dunstan wants to except from calculations by the court any amounts which have been paid to the family of the deceased or the estate of the deceased for medical, hospital,

death or funeral benefits, but—and this is the point—in fact these expenses will be special damages, because they are out-of-pocket expenses which, provided there is no dispute as to the liability, will be awarded to the widow in any case. I am afraid that as the placitum is now drawn there could be a double payment because the court is told not to take these things into account. It would still be obliged to award the widow those expenses as special damages, while at the same time she would already have been recouped from the contributory scheme. I do not think that that is a fair thing. In other words, it would mean that a widow, to put it bluntly, would be making a profit out of the death of her spouse.

Mr. Lawn—Wouldn't she be entitled to a payment for which her spouse contributed?

Mr. MILLHOUSE—Exactly, and the court would award it at present, but the member for Norwood would have the widow receive it twice. She would receive a payment from the contributory scheme and get special damages from the wrongdoer.

Mr. Lawn—Surely anything for which the widow has contributed should not be taken into consideration?

Mr. MILLHOUSE—That may be so.

Mr. Dunstan—The same principle applies to insurance policies.

Mr. MILLHOUSE—I do not think so because moneys under an insurance policy cannot come under any head of special damage, except with regard to the premium, which was sometimes allowed, but today moneys under insurance policies are not taken into account under any head of special damage. Funeral expenses may amount to, say, £70, and as the law stands now that is an item of special damage which the widow can claim from the wrongdoer, and it will be awarded to her by the court because it is an out-of-pocket expense incurred by her as a result of the death of her husband. If the deceased contributed to a funeral benefit fund his widow will get from the fund a certain amount as a result of his death. She may not get the whole amount from the fund, but under the Bill she would be not only recouped by the fund, but later get the amount of funeral expenses from the wrongdoer. Therefore, she may get up to twice the cost of the funeral, and there seems to be no reason why that should be so. If the funeral cost £70 she might get £50 from the benefit fund straight away, and later £70 from the wrongdoer, so she would get £120 in all.

Mr. Quirke—Wouldn't the court inquire whether she had already received £50 from the benefit fund?

Mr. MILLHOUSE—That is where the argument comes in. I believe the court will not be able to go into that question, for the Bill directs the court not to take any account of it.

Mr. Dunstan—Amounts obtained from medical benefit funds are not taken off the special damages, and the plaintiff gets paid twice in that case.

Mr. MILLHOUSE—I cannot take the question any further. I say it is inequitable that something which can come under a head of special damages should be paid twice.

Mr. Hambour—Some people show a profit under hospital insurance when they go into hospital.

Mr. MILLHOUSE—We should not cloud the issue. Hospital benefit funds are quite different. We are talking about a person being killed because of the wrong-doing of someone else.

Mr. Riches—Do you think there are any circumstances in which the wrongdoer should be absolved from paying damages?

Mr. MILLHOUSE—No, and the Bill will not absolve the wrongdoer, but the deceased's widow would be paid twice. Proposed new placitum (iv) is similar in its application, and if social service benefits or pensions are left out of account we shall have an entirely artificial position. At present the court looks at all the circumstances and assesses what the widow has lost as a result of the death of her husband. Its aim is to put the family into the same position economically as it was before, but under this placitum the family could be better off, or would be better off, as a result of the husband's death. In addition to the present scale of compensation, the family will also get any pension or other social service payments. That seems inequitable.

Members may ask, if my argument applies to placita (iii) and (iv) why it does not apply to placitum (i), but there is a big difference there. Firstly, spontaneous generosity is very rare, and in cases of spontaneous generosity I do not think an insurance company should get the benefit. Adverting to placitum (iii) the one dealing with funeral, medical, etc., benefit schemes, there may be some case for allowing any payments made during the life of the deceased as an item of special damages. An amount of 5s. a week may have been paid into a benefit fund over a number of years, and perhaps there would be a case for

directing the court to take that into account in awarding special damages to the estate. I have not provided any amendment to cover this, but it is a matter to be considered.

The Bill contains three other operative clauses, and I am strongly opposed to all of them. The first is an amendment to section 23a of the Act and it increases from £300 to £2,000 the amount of the solatium payable to parents of a person wrongfully killed. The amount of £300 was fixed in 1940, and on that basis there may be some case for an increase, but I can see no justification for the tremendous increase proposed. I challenged the honourable member to tell me the basis upon which he fixed his £2,000, and his £3,000 in clause 5. He was frank enough to say that it was only his personal view, as it must be. It is a matter of how we feel about it. No accurate yardstick can be used in a matter like this. I will quote from a judgment given by His Honor the Chief Justice in the case of *Jeffries v. the Commonwealth of Australia*, as reported in *S.A. State Reports*, 1946. So far as I know this was the first time that a court in South Australia had dealt at any length with the question of solatium, following on its inclusion in the Wrongs Act in 1940. The points put forward by His Honor in this case are remarkably clear, and they are as valid today as in 1946. He said:—

As I understand the word "solatium" in the amending statute it gives the right to compensation for any loss or injury for which damages are not recoverable, *i.e.*, wherever proof of pecuniary loss ends, there solatium begins.

"Solatium" is the amount paid over and above any other amount of damages worked out on a pecuniary basis. His Honor continued:—

In the cases to which my attention has been called, stress has been laid upon one particular aspect of solatium, *i.e.*, as compensation for the pain and grief incidental to the bereavement. As to that I would refer to what has been said by the Lord President (Clyde) in *Elliott v. Glasgow Corporation*—

"When there is nothing to place in the scales except the pain and grief which the accident has occasioned to a bereaved survivor, no standard for fixing the amount to be awarded as solatium is available. No parent, for example, would pass through such an experience for any sum of money . . . it is quite clear that solatium is not to be met by a nominal award . . . but it is desirable that juries . . . should be made aware of the limited character of the claim, and of the considerations which require them to regard a strict moderation in fixing their award in respect of it."

But if solatium covers "all reparation which is not comprehended under the heading of actual patrimonial loss" (per Lord President—Lord Duneden—in *Black v. North British Railway Company*), I think that it may be well to remember that speaking generally the bearing and rearing of a child involves self denial upon the part of its parents—the expenditure of care, and time, and money, that might have been otherwise and more selfishly employed. There is—again speaking generally—no idea of any pecuniary return, but the hopes and thoughts of the parents are centred upon the future of their children, and, when the wrongful act of a stranger brings the sacrifice to futility, and the hope to frustration, I think that the solatium should have some regard to the whole situation—to the past, and to the future, as well as to the pain which time will soften, if it cannot heal. Upon this view of solatium it seems to me that damages and solatium may be, in some sense, complementary. So far as the hopes and expectations of the parents "sound in damages," they cannot enhance the solatium; but so far as they have no ascertainable monetary value, I think that they can and should be taken into account in the assessment of solatium. Another factor which must be taken into account is anything that may be unusual in the care or expenditure outlayed in such things as the education of the child. I think that the idea of solatium has been borrowed from the Scottish law, and I propose to follow the cases to which I have referred, by fixing a moderate sum—of £100 to £150—as the normal solatium, which can be "reasonably regarded as an adequate acknowledgment of the pain and grief which have been caused to the surviving relative," and to use that as the basis of an assessment which will vary according to the circumstances of the particular case.

I read this extract from His Honor's judgment because it is what I regard as the best consideration of "solatium." His Honor in 1946 fixed as normal £100 to £150, but I do not suggest that is the figure normally fixed today. It is usually more than that: it is usually up to the maximum of £300. The point I make is that £150 in 1946 is not £2,000 in 1958. In other words, although there may be some case for an increase beyond £300 for a child and £500 for a spouse, there is no reason for the mammoth increase suggested by Mr. Dunstan. I suggest an increase from £300 to £500 and from £500 to £750, but that is only my personal view, and I am open to suggestion one way or the other.

Mr. Quirke—Does the honourable member suggest that the courts have always awarded the maximum?

Mr. MILLHOUSE—No, the general rule is that in the absence of any circumstances to the contrary they will probably award the maximum. If the parties are unhappily married

the amount will probably be less. If the child is living away from home £300 will not be awarded: it may be £200. If there is no love lost between the parties there will be no solatium. The general rule is that in the absence of special circumstances the maximum is usually applicable. As realists we must appreciate that there is also the question of where the money is to come from. Unfortunately, the matter of solatium must come before the court frequently, and be paid in many instances by insurance companies. If the amount of solatium is increased it is something more that must be borne by insurance companies, and eventually must be paid, not only by them, but indirectly by people who insure their motor vehicles. To be realistic, we all know that most of these cases occur because of deaths from driving. The cost of solatium must eventually be reflected in insurance premiums, and we cannot lose sight of this when considering this matter. Mr. Dunstan desires to increase the scope of solatium, and this is in an entirely new departure for South Australia. At present it is paid only to the parents for the death of a child under 21 or to a spouse for the death of the other spouse. Mr. Dunstan emotionally—I do not say that derogatorily—made out a good case for extending it to children for the death of a father. Such a proposal has my sympathy, but let us look a little more closely at what is suggested—that when the breadwinner is killed each of the children shall be entitled to an amount of up to £3,000. If a man who has four children—not an immoderate number—is killed, under Mr. Dunstan's proposal the family would be entitled to up to £15,000 over and above any amount that may be fixed for general damages, to put the family in as nearly as possible the same position it would have been in if the breadwinner had not died. Looked at in that way, it is obvious that the burden that would be cast on an insurance company, and therefore on the insuring public, would be colossally increased. I cannot support such a suggestion. As I have tried to explain, before solatium is fixed the court has fixed on a pecuniary basis the amount of damages. As the Chief Justice said, solatium is some payment for grief and suffering, but I suggest that it should not be an amount which in most cases would be greater than the amount of damages fixed on a pecuniary basis, which is what Mr. Dunstan has suggested. Of course, no amount of solatium could possibly compensate for the death of a parent, but that is what Mr. Dunstan would do. In fact, he would inflate solatium to a figure out of all proportion to the total awarded, as it would become the bulk of any claim.

Mr. Quirke—Of course, it needs £20,000 invested at five per cent to give £20 a week.

Mr. MILLHOUSE—That may be so, but the courts attempt to put the family in the same position as it would have been in if the breadwinner had not died, and Mr. Dunstan gave examples of that in his speech. He said that the amount is fixed on the earning capacity of the deceased.

Mr. Dunstan—Dependent on what he spent at home.

Mr. MILLHOUSE—Yes, in the normal case.

Mr. Shannon—Would the honourable member express a view on what interpretation the courts would put on special damages if they knew that solatium would follow automatically?

Mr. MILLHOUSE—With great respect to the judges, one never knows what they are going to do. They might fix the amount in that way, consciously or unconsciously, but we cannot prophesy. At present the courts attempt to fix damages in such a way as to put the family back into the position it would have been in if the deceased were still alive, and there are no upper limits.

Mr. Shannon—In other words, solatium was never intended to bring about the re-establishment of the deceased's family?

Mr. MILLHOUSE—No, because general damages already do that; solatium is an amount over and above the damages, and was never intended to be fixed on a pecuniary basis, but as a slight measure of payment for grief and so on. It was never intended to be what it would become if this proposal were accepted—a colossal amount out of all proportion to the amount of general damages, much greater in most cases, and something which I do not believe can be justified. I am therefore entirely opposed to the principle behind the third amendment in the Bill. Although I support the second reading because of the amendment I first mentioned, I cannot support the other proposals, and intend to vote against them.

The Hon. Sir THOMAS PLAYFORD (Premier and Treasurer)—The member for Mitcham rightly said this matter was fairly complicated to the layman because it involves many questions of law, and probably the most useful contribution I can make is to supply to the House reports I have received from the Parliamentary Draftsman (Sir Edgar Bean) and

the Law Society, which was also consulted. Sir Edgar Bean states:—

This Bill deals with the assessment of damage in fatal accident cases and the increase of the maximum amount of solatium which may be awarded to the spouse or parent of the deceased. There is also a proposal to allow a child to claim a solatium for the loss of a parent. With regard to damages, Mr. Dunstan's Bill deals with a difficult problem. The original rule was that in assessing the damages payable to a dependant of a person killed by a wrongful act the balance of losses and gains resulting from the death must be ascertained. The court had to assess how much pecuniary benefit the dependant had lost by the death and then deduct any benefits accruing in consequence of the death. In 1956 an inroad on this general principle was made when Parliament provided that money payable on the death under a life insurance policy should not be deducted in assessing the damages.

Members will remember that the 1956 Bill was introduced by the Government and was, I think, accepted by all sides of the House. The report continues:—

Mr. Dunstan proposes in the Bill that certain other sums shall not be deducted. These are gratuities, sums paid under contributory medical, hospital, death or funeral benefit schemes and social service pensions payable by Governments. There are arguments in favour of Mr. Dunstan's proposals but the problem is not simple. On the one hand, it does not appear right that the liability of a person who has wrongfully caused the death of another should be the lighter because the deceased had the forethought to make provision for his dependants in the contingency of his death. On the other hand, it may also be argued that it is not just that anyone should receive a duplication of benefits. There is a conflict of principles and the difficulty of finding a solution is shown by the fact that in English-speaking countries the Parliaments have dealt with the problem in a number of different ways. England, for example, provides that life insurance moneys and pensions shall not be deductible. New South Wales law provides that in addition to life insurance money benefits received from superannuation and other funds, and pensions such as are mentioned in the honourable member's Bill, shall not be deducted. Tasmania has gone even further than New South Wales in prohibiting deductions, and in New Zealand the law is that the damages are to be assessed without taking into account any gain at all received by the dependant of the deceased consequent upon his death.

The Government is desirous of settling this problem in a way which will be generally accepted as just and satisfactory. It has considered representations from representatives of insurers, and from various interested individuals and has written to the Law Society asking that body to express an opinion. A final decision will not be made until the Law Society's report is received. Probably the best thing to do at present would be to adjourn Mr. Dunstan's Bill until the report comes to hand.

This report, incidentally, was written some time ago. It continues:—

The other matter dealt with, namely, that of the amount and scope of the solatia to the relatives of deceased persons, is in a different category. There is not a strong case for the increases and extensions of these benefits proposed by Mr. Dunstan. The Wrongs Act at present provides for a solatium not exceeding £500 for the death of a wife or husband and not exceeding £300 for the death of a child. The honourable member's proposal is to raise the £500 to £3,000 and the £300 to £2,000 and in addition to provide for solatia to be payable to children for the death of a parent.

The amounts prescribed for solatia do not represent any pecuniary loss. They are merely a solace for wounded feelings. There is no reason why they should be increased in the way proposed. The only argument for any increase at all is the devaluation of money, but there is no reason why payments of this kind should necessarily be increased from time to time like the living wage. In view of the possibility that some legislation may be passed resulting in higher damages being paid to dependants for the death of a breadwinner, the Government might well take the view that the time is not opportune to increase the solatia. Most of these are paid by insurance companies on behalf of the parties liable and the burden of them falls upon the general public when they pay their motor insurance premiums. The cost of insurance is already high and looks like going higher. Caution is necessary in passing legislation which will increase this burden.

The reply from the Law Society to the Attorney-General is as follows:—

I acknowledge receipt of your letter of the 18th September and thank you for the opportunity given the society to consider this matter. The society recommends that in assessing damages, the following should not be taken into account:—

1. Any gratuitous payment or voluntary benefit paid or accruing to or for the benefit of any person for whose benefit the action is brought.
2. Superannuation payments or benefits.
3. Contributory medical, hospital, death or funeral payments.
4. Commonwealth, State or other Government social services benefits or pensions.

The society is not in favour of excluding from calculation the accelerated benefit received from the estate of the deceased.

I interpret the report to be that the Law Society is in favour of clause 3 and goes further than what is proposed in clause 3. However, it has not expressed itself in favour of clauses 4, 5 and 6. I will support the second reading of the Bill and when it is in Committee move an amendment to clause 3, to add the following paragraph:—

(iia) any superannuation payments or benefits consequent upon the death of the deceased person.

That will follow the Law Society's recommendation. I have considerable doubts about the other clauses, and when a person has extreme doubt on any matter he should not vote so as to make any material alteration to the law. The amendments relating to solatium represent a big departure in that they make solatium the main feature of damages. If the honourable member will accept my amendment to clause 3 and not proceed with clauses 4, 5, and 6 I will support the third reading and do my best to ensure that the Bill becomes law, but if those clauses on which I have some doubt are included I will oppose the third reading and do my best to see that the Bill does not become law. I may add that I would not oppose a small increase in the amounts to be provided as solatium. If the £300 mentioned in the Act became £500 and the £500 became £700 I would not object. I support the second reading.

Mr. DUNSTAN (Norwood)—I am grateful that the Law Society is prepared to accept the first portion of my amendment and that it also proposes to exclude any superannuation benefits from the consideration of the court in assessing deductions from damages. I was not aware of what the Law Society's report contained, although prominent members of the society, including its Law Reform Committee, originally suggested these amendments to me. This is a matter which has exercised the minds of the profession for some time. I do not think there can be any doubt that gratuities made by a workman's workmates should not be deducted from the amount of damages paid by the wrongdoer.

Another point to which Mr. Millhouse referred is that a person should not be paid funeral benefits twice over. The simple answer is that this proposal brings the Bill in line with the provisions of other Acts. If a person insures himself under a medical benefits scheme and is hospitalized and gets benefits from the scheme, the wrongdoer cannot have deducted from the amount of his damages the benefit the injured person has received from the scheme. He still has to pay it. If a person provides a benefit for himself he is entitled to it by virtue of his foresight. I am only asking that the relicts of a deceased person be put in the same position, and I think that is fair and proper. I think the judgment of Mr. Justice Ross in relation to ordinary accident cases should be applied in this legislation.

Mr. Millhouse—There is the question of duplication.

Mr. DUNSTAN—With great respect I think a person should get the benefit of things for which he has provided and the wrongdoer should not get out of paying damages for which he is liable. The honourable member said that there would be a duplication of payments in respect of social service benefits. The extraordinary situation that exists under the law at present is that a court assesses the amount of damages and if it decides that in the foreseeable future a widow will be able to claim a pension, it assesses the worth of that pension and deducts it from the damages awarded against the wrongdoer. I cited the case of *Branford v. The Broken Hill Proprietary Company Limited* in which the court assessed the damages at just over £5,000. The court pointed out that the widow intended to buy a house costing about £3,000 and, as a result, in the foreseeable future would be entitled to a widow's pension. It assessed that pension at £1,600 and deducted it from the £5,000 awarded. In other words, the general public was paying instead of the wrongdoer. This particular deduction from damages has been widely provided for, as has been shown by the reports of the Parliamentary Draftsmen in other parts of the British Commonwealth, and I think there is a clear case for it.

Let me refer now to the question of solatium. Solatium is money paid to compensate for injured feelings for the loss of consortium. It seems to me that £300 and £500 are mere tokens in this regard and that a far more generous maximum should be fixed. I believe a child suffers loss of consortium of his parent just as a parent suffers loss of consortium of a child or spouse, and therefore the child ought to be able to get consortium just as the parent or spouse can get consortium. Many members of the Law Society have mentioned this to me. It was not in my original proposal and I amended it as a result of representations from members of the Law Society.

Mr. Millhouse—It is a pity you did not leave it out altogether.

Mr. DUNSTAN—I do not agree. I think it is a very good provision. I am not clear on the Premier's view on this and I am certainly not clear, from the Law Society's report, what its view on it is. I know that certain prominent members of the society feel strongly in favour of this proposal. However, I am prepared to accept an amendment that the maximum of solatium be fixed by an increase from £300 to £500 and from £500 to £750 in the appropriate cases

in the clause. I hope the Premier will not vote against the provision in clause 6. The limitation of the amount to £750 will not place any enormous burden on insurance companies and will give justice, whereas at present the court has not the power to give justice to any children who are deprived of consortium with their parent..

Mr. Millhouse—How will £750 make up for that?

Mr. DUNSTAN—No sum will make up for that, but the honourable member will say we should not give them anything for that very reason. If parents are to be compensated for loss of consortium with their child on the death of a child, and if a spouse is to be compensated for the loss of consortium with husband or wife, why should not children be given something for loss of consortium with their parent?

Mr. Shannon—The burden will be placed on the insurer, not the insurance company.

Mr. DUNSTAN—I agree, but if what has been stated by some members is going to be our attitude we should not provide anything at all.

Mr. Shannon—As long as we know who is going to pay.

Mr. DUNSTAN—Let us say the general public will have to pay, but that does not affect the principle of my argument. If loss of consortium is to be compensated we should make just provision for it and clearly state to whom it is payable.

Mr. Millhouse—It is a question of the interpretation of justice.

Mr. DUNSTAN—What is the principle of this matter? Is there any justice in principle in excluding children from the right to get solatium? I ask members to accept clauses 4, 5 and 6, except that in clause 4 we alter "two thousand" to "five hundred," and in clause 5 "three thousand" to "seven hundred and fifty."

Mr. Millhouse—Not "seven hundred and fifty." That is not the amount the Premier mentioned.

Mr. DUNSTAN—I do not think the Premier is worried about £50, but if he makes it £700 I shall not object, in order to get something passed, but I think £750 would be more appropriate and more nearly related to the £200 increase in the other case.

Bill read a second time.

In Committee.

Clauses 1 and 2 passed.

Clause 3—"Effect of action."

The Hon. Sir THOMAS PLAYFORD (Premier and Treasurer)—I move—

After subparagraph (ii) of paragraph (2) to insert:—

(iia) any superannuation payments or benefits consequent upon the death of the deceased person.

This amendment gives effect to a recommendation of the Law Society. It increases the benefits payable under the Act, and I think there is a strong case for superannuation benefits being included because they are something for which the deceased paid.

Mr. DUNSTAN—I am prepared to accept the amendment.

Mr. MILLHOUSE—During the second reading debate I opposed placita (ii), (iii), and (iv), but as the weight of legal opinion seems to be against me I will not take the matter any further.

Amendment carried; clause as amended passed.

Clause 4—"Liability to parents of person wrongfully killed."

The Hon. Sir THOMAS PLAYFORD—I move—

To strike out "two thousand" and insert "five hundred."

Amendment carried; clause as amended passed.

Clause 5—"Liability to survivors of persons wrongfully killed."

The Hon. Sir THOMAS PLAYFORD—I move—

To strike out "three thousand" and insert "seven hundred".

This would allow an increase in payments for solatium from £500 to £700.

Amendment carried.

The Hon. Sir THOMAS PLAYFORD—I move—

To strike out "and by inserting the words 'and each dependent child of the deceased person' after the word 'person' in the ninth line thereof."

Mr. DUNSTAN—I should be glad to know the reason for the amendment, for I heard of no opposition from the Law Society on this matter. At present parents may get solatium for the death of a child under 21, and spouses may get solatium for the death of a spouse, but children can get no solatium for the loss of a parent. Why should they be ruled out? The amendment would rule them out, even though any solatium under this clause would be limited to £700.

Mr. Hambour—For each child?

Mr. DUNSTAN—Yes, but under the present law they can get nothing, and that is the effect of the amendment. All they can get is some part of the money given to the family for the pecuniary loss that the family suffers through the loss of the bread winner. That money is paid to the Public Trustee, but they can get nothing for the loss of consortium with their parents.

Mr. Stott—What will be the effect if the clause remains as drafted?

Mr. DUNSTAN—In the case of the loss of either parent each child could have awarded to him up to £700 for loss of consortium, and that is only fair. This clause was suggested to me by one of the leading silks of South Australia because he thought it would fill one of the greatest gaps in the Wrongs Act. I hope the Premier will explain the amendment because this is a matter of great importance.

The Hon. Sir THOMAS PLAYFORD—I moved to strike out those words because, as far as I can ascertain, they do not appear in the Wrongs Act of any British country. This was not included in the recommendations submitted to me. Through our insurance laws generally we make the public payable for the act of a wrongdoer. I am proud of the fact that my Government was, if not the first, one of the first Governments in the world to provide for compulsory third party insurance. We saw many instances of injured persons having no redress because the wrongdoers could not pay damages. A case has not been made out for what the honourable member desires. If he desires I will refer the matter specifically to the Law Society, which could indicate the people to be covered by solatium. Members know I have already gone beyond the recommendation of the Law Society in this matter of solatium, but I am prepared to have the matter sought by the honourable member considered by the best legal authorities in the State.

Mr. HAMBOUR—I take it that the insurance companies, in assessing premiums, will always take into account the maximum for which they will be liable. We want to do the right thing. If we place an excessive burden on the insurance companies they will reap the benefit because they will look for the maximum premium they can get. I would like some information on this piont.

Mr. SHANNON—I think we are getting a little involved in our discussion on solatium. I do not think it was intended to classify solatium as compensation for the loss of a member of the family. I understand it was intended to help a bereaved family to forget its loss as far as possible by having a short holiday with the extra money provided. If we are not careful we shall confuse the issue and without any direction the courts will take into account the overall amount the bereaved family will get from damages and solatium. Mr. Dunstan has forgotten one thing. Every owner of a motor vehicle has to provide for third party insurance, and it seems that the insurance companies will consider the average number of children in a family when assessing the overall risk, because under the Bill each dependant child will receive solatium. If this is so, it will increase considerably the liability of the insurance companies. I can foresee a steep increase in third party insurance for any person owning a motor vehicle. The insurance companies will look at their maximum obligation under the law and will ask for a special premium to be fixed by the Insurance Premiums Committee. Members would be well advised to accept the Premier's amendment. He has already gone a little farther than was recommended by the legal advisers, and if we go any farther we will get into a position where we will wish we had given the matter a little more thought.

Mr. DUNSTAN—Members have suggested that the insurance companies in assessing premiums will have to take into account the size of the family, but in view of the average size of the South Australian family I do not think it is an important factor. The Premier has undertaken to refer the matter to the Law Society and to act if the society recommends what I propose, and I think it will; consequently I accept the amendment.

Amendment carried; clause as amended passed.

Clause 6.

The Hon. Sir THOMAS PLAYFORD—I ask that this clause be deleted. It is merely complementary to the words just struck out in clause 5.

Clause negatived.

Title passed. Bill read a third time and passed.

SUPERANNUATION ACT BENEFITS.

Adjourned debate on the motion of Mr. O'Halloran—

That in the opinion of this House the pension unit payable in accordance with the provisions of the Superannuation Act, 1926-1956, the percentage thereof payable to widows

and the allowance payable in respect of dependent children should be increased and, in view of the substantial credit balance in the fund such increases should be payable without increase in contributions.

(Continued from October 1. Page 1002.)

Mr. O'HALLORAN (Leader of the Opposition)—In view of the fact that a Bill is to be introduced to deal with superannuation matters, I ask that the motion be read and discharged.

Motion read and discharged.

APPRENTICES ACT AMENDMENT BILL.

Adjourned debate on second reading.

(Continued from October 1. Page 1012.)

Mr. LOVEDAY (Whyalla)—I obtained leave to continue so that I would have time to consider the two reports submitted by the Premier. Although I understand this matter may go to the Apprentices Board, I will continue my remarks. It is clear that in Mr. Walker's report there is full support for provisions in the Bill, one of which deals with the minimum educational standard required by intending apprentices and another the exercise of sufficient control to ensure that prospective employers of apprentices are able to give adequate training. It is not correct to say that no other State has adopted the provisions of this Bill; Victoria has implemented most of them.

The Premier commented on the benefit to apprentices from having to exercise their ingenuity in shops that might not be elaborately equipped, and said there was no necessity for shops to be elaborately equipped. Although it is undoubtedly desirable for apprentices to exercise ingenuity wherever necessary, the employer who has spent many thousands of pounds on intricate modern machinery, particularly in engineering today, is not keen to employ apprentices who have not had any experience with machinery of that type. There is not the slightest doubt that employers generally give preference to apprentices who have had training in fully equipped shops in which they have had a wide experience of all types of machines. I can say with certainty that in big engineering establishments, such as the B.H.P. Company has, apprentices who have received a sound engineering training in shops of that nature have no difficulty in obtaining employment when they have finished their apprenticeship. Whatever course is adopted in relation to this Bill, I hope those who are investigating this matter will give full support to bringing apprentices' conditions into line with present-day requirements, because I am certain that although one or two provisions in the Bill may present difficulty, others are quite capable of full implementation, and are most desirable from all points of view. I support the measure.

Mr. FRANK WALSH secured the adjournment of the debate.

HIRE-PURCHASE AGREEMENTS ACT AMENDMENT BILL.

Adjourned debate on second reading.

(Continued from October 15. Page 1240.)

Mr. FRANK WALSH (Edwardstown)—I support the second reading. It is our desire that people who buy goods under hire-purchase should obtain them at the lowest possible price. Consequently, the Bill provides safeguards for people entering into these agreements, and proposes that the documents shall contain full information, which is not available now. I accept the statement of the member for Mitcham (Mr. Millhouse) that new cars are financed at an interest rate of 6 per cent flat, and that normally used cars can be purchased under hire-purchase for an 8 per cent interest charge, although some dealers charge a different rate. Mr. Millhouse said that we are not the friends of hire-purchase companies, but in view of what he said, how could we be? Certainly we are not their friends under his terms, but we are certainly the friends of people who enter into these agreements, and if the companies were more reasonable and tolerant I am sure they would have our support. Among other things, Mr. Millhouse said:—

What I am saying now is very serious because it has very serious implications for the people of South Australia.

Mr. John Clark—Which people?

Mr. FRANK WALSH—I am not here to judge which people he is concerned with, other than the finance companies. He also said:—

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. 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 thought it would be.

Mr. Millhouse is a lawyer, and not being a lawyer myself, I have always been under the

impression that such people were somewhat tolerant towards those who are not, although I recall an occasion in this Chamber when a prominent lawyer undermined that impression.

Mr. John Clark—He undermined himself eventually.

Mr. FRANK WALSH—If he did not, someone else did, and I think he is probably a more prominent member of the legal profession than Mr. Millhouse. The reflections cast on the Leader of the Opposition by Mr. Millhouse are not in good taste or in keeping with the dignity of this House. If this Bill is all that he said, how much more easily could his legal training have shown out above his attempted personal aggrandisement, but he seemed to be carried away with his importance, or his alleged superior knowledge, when he said:—

Whatever anyone else may do, I do not agree with it.

If that is to be the approach of a member of this House to legislation introduced by the Opposition, it shows a very poor spirit, because he completely forgets that there are two sides that could be made out on this matter. His reflections on the Leader of the Opposition were uncalled for. When the present Leader of the Opposition becomes Leader of the Government he will have the assistance of the Parliamentary Draftsman, so there need be no fear about the drafting of Bills. Mr. Millhouse also said:—

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.

He quoted from the *Monthly Review of Business Statistics* for June of this year in relation to this, but in yesterday's *Advertiser*, under the heading "Big Rise in Hire-Purchase Finance" appeared the following article:—

Australians took out 1,203,797 hire-purchase agreements in the year June 30, 1958 for goods valued at £356,810,000, involving £235,170,000 hire-purchase finance.

The importance of this article is shown in another paragraph:—

In the month of July alone the preliminary estimates show there were 104,123 agreements for goods valued at £31,638,000, involving £20,857,000 hire-purchase finance.

That clearly indicates that domestic goods are the ones for which people should have protection. As I indicated, the Opposition does not desire to prevent people from entering into hire-purchase agreements, but they should be afforded a reasonable opportunity of knowing what they will be required to pay. Mr. Lawn provided many illustrations of hire-purchase contracts, particularly those relating to used motor cars. He revealed that no two companies used the same forms of agreement. In fact one company used two different forms. The normal procedure in respect of used cars is that about 25 per cent of the purchase price is applied as a deposit and the remainder is loaned on a fixed term. The companies are not satisfied with charging only 8 per cent interest. The vehicle must be covered by comprehensive insurance and that charge is higher for a hire-purchase vehicle than for a freehold car. The cost of the premium is added to the balance owing under the hire-purchase agreement, and consequently the hirer not only pays the flat interest rate on the balance of the cost of the motor vehicle, but interest on the cost of the comprehensive insurance of the vehicle. There is nothing in the contract to indicate the charges he is paying. I understand that with new motor cars if a customer buys under hire-purchase the distributing company arranges finance for the customer through a hire-purchase company and finance at a flat rate of 6 per cent is provided. That is not shown in detail on the hire-purchase agreement.

The Bill provides that the agreement must be in writing and must set out clearly certain details. The object of the Bill is to achieve uniformity in hire-purchase agreements. Mr. Millhouse made a fuss about the provision that an agreement should be in writing and a copy thereof supplied by the owner to the hirer free of any charge for such copy or for the preparation of such agreement or of the copy thereof, and that the hirer should acknowledge in writing the receipt of such copy.

Mr. Lawn—The Victorian Government has similar legislation to this Bill.

Mr. FRANK WALSH—That is so. Mr. Millhouse did not complain about the provision that the cash price of the goods should be shown on the agreement. He did not criticize the proposal to include in the agreement the value of any deposit. I believe that cash paid as a deposit, or if another article is traded in its cash value, should be revealed in the agreement. Mr. Millhouse did not oppose the inclusion in the agreement of the net cash price of the goods. In most hire-purchase transactions the net cash price would be the top retail price and there would be no question of trade or other discounts. The Bill also provides that the agreement must include the amount payable in respect of insurance and any accommodation charges involved. Mr. Millhouse did not criticize any of these proposals. He merely indulged in personalities.

Mr. Lawn—I think he said they were already provided in existing agreements.

Mr. FRANK WALSH—The member for Adelaide produced a number of agreements revealing that that was not the position. No two of them were in similar terms. This Bill aims at achieving uniformity. Mr. Millhouse criticized new section 3a (1) (*e*) which states:—

Contains a provision that if the hirer makes a periodical payment before the due date thereof, the amount of that periodical payment shall be reduced in accordance with the formulae set out in the first schedule to this section;

Mr. Millhouse suggested that if a hirer made his final payment for an article a day or two before the due date he should not get a reduction because the amount to which he would be entitled could not be calculated. Mr. Millhouse revealed a one-track mind all through his speech. If a person enters into a contract that provides for 24 payments extending over two years, and at the end of 18 months is able to liquidate his liability, he should receive some recompense by way of remission of the interest payments that would have applied for the remaining six months of the contract. I believe this Bill represents a commonsense approach to the problem because a hire-purchase company that has received all the payments due under an agreement—perhaps even before the expiration of the term of the agreement—has that money available for further agreements. Hire-purchase companies have no shortage of customers. In the month of July 104,123 agreements were entered into with these companies, and the money paid before the due date under paragraph (*e*) of placitum II of proposed new section 3a (1) can be used again by these companies. I believe the member for Mitcham should have given more consideration to that paragraph. I have owned a motor car for many years and have always dealt with one insurance company, and there has never been any fuss or bother when I have had to get my car repaired after an accident. However, if I had to buy a new motorcar under a hire-purchase agreement the company would stipulate the insurance company I had to deal with.

Mr. Lawn—And you would lose your "no claim" bonus.

Mr. FRANK WALSH—Yes. I have never yet lost a "no claim" bonus, so I get my insurance at a reduced rate. If I had to enter into a hire-purchase agreement the insurance premium would be higher, and the Bill corrects that anomaly. Other members have given the details of various hire-purchase agreements, and they were all different. The various agreements were taken at random, and not one set out the details as required by the Bill, which states that all the charges, such as interest, insurance, and accommodation shall be shown in the agreement.

The Bill ensures that people entering into hire-purchase agreements will know their obligations. Many husbands and wives were working overtime in their jobs and entered into many contracts which they are now finding difficult to finance. I believe that people should be able to buy as many commodities as they can afford, and I will not say whether they should buy motor cars, household utilities, or any other goods, but they should get them at the lowest possible cost and have every chance of being able to fulfil their contracts and eventually own the goods.

Mr. STOTT (Ridley)—For some years I have drawn attention to the effects of hire-purchase on the national economy and of hire-purchase charges, so I am delighted that some attempt has been made to deal with this problem, which has got out of hand. I am also delighted that South Australia is not the only State interested in the effects of hire-purchase. We should examine what hire-purchase attempts to do in providing consumer credit to the people, its effect on the national economy, and then the provisions of the Bill. I have never said that all hire-purchase companies should be wiped out, and I do not think anybody else has. Hire-purchase has become an accepted part of the life of the community.

Mr. O'Halloran—And properly used it does much good.

Mr. STOTT—I agree, but because of credit restrictions imposed some years ago by the Commonwealth Bank many primary producers with adequate security have been unable to finance the purchase of machinery and develop their land fully. Most banks have now entered the field of hire-purchase, and we should examine the reasons for this. Four or five years ago the Commonwealth Government laid down import restrictions, and I think the banks entered the field of hire-purchase because of the detrimental financial policy of the Commonwealth Government and the Commonwealth Bank at that time. In order to put the lid on the then inflationary spiral the Commonwealth applied credit restrictions and to make the policy effective it said

private banks had to pay to the central bank reserve fund a certain sum of money, which, at the beginning, earned only about 10s. per cent. The policy had the effect of curtailing the activities of private banks. They made representations to the Commonwealth Government, saying they did not agree to giving the Commonwealth Bank a greater degree of the banking business, as it gave that bank too much power. Following on this banking legislation was introduced in the Commonwealth Parliament. Not having got very far with their representations, the private banks decided to enter the hire-purchase business, and they started several companies. The English, Scottish and Australian Bank invested £2,000,000 of bank capital in promoting Esanda Limited. The Bank of Adelaide went into another company, and other private banks became interested in other hire-purchase companies. This business has returned to them a greater profit than they used to get on their money. This was how the private banks reacted to the foolish policy of the Commonwealth. Three or four years ago I said that hire-purchase business would get out of hand and that action to control it would have to be taken. The warning has not gone unheeded and now all States see the need to take action. Our Premier said earlier this session in reply to a letter from Mr. Cahill, Premier of New South Wales, that he would be willing to attend a conference of representatives of all States called to discuss hire-purchase matters. He did not indicate the attitude he would adopt, but it all points to the fact that the Premiers think it is necessary to take action to control the business. I am delighted that it is proposed to hold such a conference.

This afternoon I want to set out the principles of hire-purchase and then refer to the effect that business is having on the national economy. Basically, hire-purchase provides the link between manufacturers, retailers and consumers. It is the link which enables mass consumption of durable goods mass produced at the lowest possible cost. Mass production is the key to the secret found by the twentieth century to the problem of reducing unit production costs. While the principles of hire-purchase have remained unaltered the trend in the post-war decade has been towards the patterning of consumer credit facilities designed to meet the requirements of both the consumer and the retailer. Australia's demonstrated capacity for sustained operation at high levels of production requires the continuance of high levels of purchasing power.

As a result of sales promotion work in the 1930's it was not long before the refrigerator became a "must" for the average householder. Today a refrigerator is recognized as being a standard necessity; it has proved to be an economic asset in eliminating waste. Similarly there is a tremendous market ahead in the television field. Over the next few years there will be an ever-increasing desire of the public to acquire television units, a desire which will be stimulated by effective sales promotion, just as occurred in the early build-up of the market in the refrigerator field. The motor industry takes pride of place in Australia with a sales volume in excess of any other form of commodity (apart from foods). Last year the motor industry accounted for retail sales amounting to £654,000,000 out of total retail sales of £2,815,500,000. The expansion of the industry in a comparatively short period of time from a small luxury type commodity industry to its present premier position was made possible by hire-purchase facilities. The following information was obtained from the Commonwealth Statist:—

Year ended June 30.	No. of agreements.	Value of goods. £	Amount financed under hire-purchase. £
1954—Motor vehicles, tractors, etc.	236,272	158,422,000	88,492,000
1955—Plant and machinery	14,571	8,813,000	5,394,000
1955—Household and personal goods	647,149	49,239,000	39,892,000

The grand totals of these three categories in 1955 were:—Number of agreements 939,413, value of goods £249,497,000, and amount financed under hire-purchase £155,974,000. The number of agreements for motor vehicles, tractors, etc., jumped from 316,000 in 1957 to 355,000 in 1958, the value of goods from £224,568,000 to £256,000,000 and the amount financed under hire-purchase from £136,000,000 to £156,889,000. The number of agreements for plant and machinery jumped to 23,121 in 1958, the value of goods went from £14,739,000 in 1957 to nearly £16,000,000 in 1958, and the amount financed under hire-purchase from

£9,223,000 to £10,200,000. For household and personal goods the number of agreements increased from 689,405 in 1957 to 818,270 in 1958, the value of the goods from £53,329,000 to £83,153,000, and the amount financed under hire-purchase from £42,782,000 to £67,000,000. For all goods the number of agreements in 1957 was 1,028,897, the value of the goods £292,636,000, and the amount financed under hire-purchase £188,649,000. In 1958 the figures were 1,196,667, £355,719,000 and £234,377,000. This shows the tremendous increase in hire-purchase business. At the present time in Australia there is one vehicle to every 4.46 persons. This compares with the American figure of 2.7 and the New Zealand figure of 3.88.

It can be assumed that the number of vehicles in Australia will continue to increase, and basing such likely increase on the New Zealand figure of 3.88 persons per vehicle, it would mean the placement of a further 300,000 new vehicles on the road. An important factor in the steady increase in purchasing power of our nation is our steadily increasing population. At the present time, the annual increase in population is about 165,000 people. On the assumption that our labour force is increased by 100,000 people a year, and taking £700 as the average yearly earnings of this force, it means £70,000,000 more money augmenting the public's purchasing power.

With the increasing necessity for long-term capital for the development of primary and secondary industries in Australia, the necessity for shorter term financing of durable goods by means of hire-purchase facilities must become more and more insistent in the future. This cannot be denied. The hire-purchase companies will in this manner continue their integral part in the Australian economy. We have created in hire-purchase a monster that we cannot get away from. What effect has this insistent demand for consumer credit, to buy such things as refrigerators, motor cars, and mixing machines, had on the national economy? Only a few weeks ago we were discussing the Loan Estimates, and in that interesting debate almost every member—I was one of them—clamoured for more money to be spent in his district, but after all the money must be found somewhere.

One of Australia's major economic problems in the next 10 years will be the absorption of a population increase of about 2,300,000 people. In the 10 years since the war we have absorbed about 2,000,000 people, but as our population is now consequently higher, the rate of growth envisaged will actually fall to 24 per cent in the next 10 years compared with 27 per cent in the past decade. This does not suggest, however, that the problem of providing capital for population absorption will be any less: it will increase. In terms of capital, Australia's problem in the next 10 years is to find the money to finance the expansion of the economy to an amount at least comparable with that expended since the war. In the last 10 years, gross private investment in fixed capital equipment has totalled about £5,500,000,000. In the same period, expenditure by public authorities on public works has totalled about £3,000,000,000.

In total, Australia's gross expenditure for capital purchases reached the staggering figure of £8,500,000,000, over the last 10 years. But even more impressive is the fact that £6,000,000,000 of that amount was spent in the last five years. True it is that Australia's national income had grown consistently over that decade, and is now nearly two and one-half times what it was 10 years ago. Nevertheless, the burden on the national income of capital formation has increased over the post-war decade from about 20 per cent to about 30 per cent. The pattern of Australia's developmental problem is, therefore, settled. From time to time we can relieve the situation by regulating the flow of migration, but even if the present flow is maintained as expected, the capital needs of the old population and its natural increase will of itself occupy a more and more predominating part in the problem of development—houses, roads, sewerage, etc.

For these reasons, the burden is not likely to diminish, and it is a matter of great importance for us to consider the sources from which the capital necessary to finance development on the scale envisaged may be obtained. Australia has derived considerable benefit since the war from overseas capital. Of our total private and public investment in capital goods, about 10 per cent has been financed in this way. Nevertheless, it is obvious from this percentage that the great bulk of our capital formation must be financed from internal resources. Basically, this means Australia must finance the great bulk of her development in the next 10 years from her own savings. By savings, I mean not merely the savings of individuals, but also all other

forms of abstention from consumption expenditure; for example, undivided profits of companies and the like.

In a community that seeks to combine a rapid scale of development with the maintenance or even improvement in the standard of living, purposive savings will obviously tend to prove inadequate, since the desire to increase personal consumption expenditure will conflict with the saving necessary to transfer resources to the purposes of capital formation. In the last few years Australia has in part met this problem by financing a very large proportion—about 70 per cent—of her public works out of revenue. Thus we have a form of compulsory saving which, while perhaps not so socially desirable as voluntary savings, has at least had the effect of providing a volume of funds for public works that we could not otherwise hope to achieve, even with a most remarkable change in the attitude of the community towards purposive savings.

This is all too plain to us when we realize that public works in Australia in 1955-56 required £439,000,000, while in the same year total personal savings (including additions to assurance funds) produced only £333,000,000. In addition to public works, private investment last year called for more than £900,000,000, which in part was financed by the "residue" of personal savings not expended on public works (about £200,000,000), but mainly from amounts set aside for depreciation and the undistributed profits of business. These two items alone in 1955-56 provided about £531,000,000, the balance coming from abroad.

On the scale of public and private investment achieved in Australia in the last five years, we will require over the next 10 years to find the resources to finance capital expenditure, totalling about £12,000,000,000. This objective constitutes a challenge, but it is by no means an impossible task when we remember that last year alone we financed £1,300,000,000 of total investment without impinging upon our prosperity. We succeeded by pursuing a policy designed to curtail overall expenditure, with some degree of preference for essential capital works as against personal consumption. But if we adopt as our belief that the development and populating of Australia is paramount, and that it is our duty as a nation to progress with it as rapidly as possible, we must do more than we have in the past to encourage savings, and encourage it to be spent on these consumer goods.

The machinery in Australia for marshalling savings into avenues of investment is both efficient and economical. The organization of new issues and the machinery of the stock exchanges provide facilities which, percentage-wise, are probably more widely availed of in Australia than in any other country that I have been in. But it is the overall flow of funds that is the basic difficulty. As and when this can be increased, it may be assumed that the funds will find their way quickly into avenues where they will be most effectively used. Where are these funds going? Are they going into the most effective places to develop this country?

The other main avenue through which we may add to our capital resources is from overseas. There is no reason why a greater volume of such capital should not be available in the years immediately ahead, but a great deal more can be done to encourage it. At times, too niggardly an attitude is adopted by the Government in its negotiations with overseas interests desiring to extend their investments into this country. A much bolder policy is necessary if we are to develop Australia on the scale that we now envisage. We have, for instance, done little as a nation to develop the northern parts of Australia. The capital required to develop it is beyond our own resources, and we should do all we can by way of exchange and tax concessions and otherwise to encourage overseas investors to interest themselves in developing it. Australia's future development depends primarily upon the will of the Australian people to achieve it. Basically, we must rely, as we have in the past, upon our own resources. Let us consider this policy. We are faced with the tremendous task of developing this country, and I hope I have outlined clearly my thoughts on this problem, based on a study of expenditure in this and other States, what is required by way of loan funds, and attracting money from people to develop the country; but with the tremendous increase in hire-purchase two things have happened. Firstly, the banks have been investing their surplus funds in hire-purchase companies as a more lucrative source of investment, thereby curtailing the amount of money that would have been invested in loan funds to be used for road works, schools, bridges, and other public works. Not only have we forced the banks to create these companies, thus curtailing the amount of money available for investment in public undertakings, but we have taught people not to save money, because, by simply going down the street, they are able

to buy without deposit any luxury goods available in the Commonwealth.

Mr. Quirke—By mortgaging their futures.

Mr. STOTT—Yes, and by not saving; so we are teaching them a very bad lesson.

Mr. Riches—Have you any authority for saying that hire-purchase is used for luxury goods rather than necessities?

Mr. STOTT—It is available for anything, including refrigerators and motor cars, and the latter is not a necessity. When I was married people were told that they could not have a refrigerator or motor car unless they had a considerable amount of money to pay for them. The member for Light (Mr. Hambour) made the very cryptic remark that there were more houses put through the exhaust of motor cars than there should be. That is true, and it is what I am driving at.

Mr. Riches—I still say that the majority of hire-purchase is for necessities.

Mr. STOTT—That may be so. We are enjoying a honeymoon at present. The banks are in on it and so are financial institutions. All State Governments were in on it, but now they are beginning to realize that something must be done because the situation is getting out of hand. I do not wholeheartedly agree with the principles of orthodox finance, but we must examine this question of hire-purchase not only as it affects us today, but as it may affect us 10 years hence. Because of hire-purchase a tremendous trade has been built up in used motor cars. Unfortunately, some smart salesmen are exploiting the public by doubtful means. I want to refer to some of the alleged fraudulent deals that are being perpetrated today. I am not suggesting that any hire-purchase company is fraudulent, but merely intend to illustrate what can happen.

In one instance a man with a reasonable education obtained some experience with a used motor car company. Subsequently he joined another firm in a higher capacity and learned all the ramifications of the trade. Later, he entered into a partnership with three other men. The partnership was registered under the Companies Act. There is a weakness in that Act because under it any individual, whether honest or unscrupulous, can register a company.

Mr. O'Halloran—Without providing articles of association.

Mr. STOTT—That is so. For about four months this partnership continued happily. One partner had put in £2,000 capital, another £1,000, and the third about £500. Mr. X—as I shall call him—only contributed a small amount, but because of his experience was appointed managing director. The company prospered and then Mr. X started to operate. A young man from the country came to this company and said, "I want to sell my car, but there is a hire-purchase agreement on it. Is it possible for that agreement to be taken over?" Mr. X said, "Oh, yes, we can handle that. I will give you £175 for your car and take over your existing hire-purchase agreement," which he did. Two days later Mr. X sold the car for £400 cash and got the buyer to sign another hire-purchase agreement for £600. He did not cancel the existing agreement. The purchaser was then responsible because his signature was on the agreement to pay the hire-purchase company £600 over 36 months. Mr. X received £600 in cash from the hire-purchase company. He did not pay it into the partnership, but kept it. He intended to pay the monthly instalments on the agreement and whilst he did the hire-purchase company was happy.

Mr. Quirke—That was fraudulent conversion.

Mr. STOTT—That shows what is going on. Another man came to the company and said he wanted to buy a car. He paid £1,000 for a car, got a receipt and went away happy, but Mr. X forged his signature on a hire-purchase agreement and got £600 from the hire-purchase company on that car. Mr. X apparently intended to meet the regular instalments on that agreement, and whilst he did no-one would worry. Mr. X intended to amass between £25,000 and £30,000 from the hire-purchase companies under fradulent agreements and then to skip off to South America. If he had, what could have been done? Mr. X was friendly with another man with whom he occasionally visited a hotel, and Mr. X said to him one day, "Look, Jack, I am having a bit of trouble with the business. You could help me out. If I get £300 to help me over the week-end I will be able to pay it back as soon as I sell a couple of cars." Jack said, "Will it be all right?" Mr. X assured him that it would and Jack signed a form for him. It was a fraudulent hire-purchase agreement in respect of which no car was in existence. Hire-purchase companies do not inspect cars and do not check to ensure that a car exists. Mr. X got £300 from the hire-purchase company under this fraudulent agreement. He also forged his wife's signature on two occasions on fraudulent hire-purchase agreements. He forged his father's

signature on cheques, which contributed largely to his father's death a few months ago. As soon as his partners found out what he was doing they reported him, and as a result five charges were laid against him. He secured a smart lawyer who advised the Crown Law authorities that Mr. X would fight the three main charges, but that if the authorities dropped those charges he would plead guilty to two minor charges. He could have been gaoled for 25 years on the major charges, but the Crown law office dropped those charges and after pleading guilty to the two minor ones he was imprisoned for four months. Why did our Crown law office allow an animal like Mr. X to get away with it? These things can happen under hire-purchase.

We must ensure that every person with a car has a title to it. Such legislation applies in Western Australia today. At present there is a loose arrangement with hire-purchase companies. Once a person signs a paper indicating a willingness to pay 36 monthly payments the company is happy and does not check to see whether the hirer really has a motor car. It will have to in future.

Mr. Quirke—It takes a case like that to prove the inadequacy of the whole system.

Mr. STOTT—Don't let us lose the opportunity to tighten up the hire-purchase law. Some time ago responsible insurance companies, realizing what was likely to happen in this regard, suggested to the Government that there should be a title so that a car could be identified. The suggestion was placed before a responsible Cabinet Minister, who was favourably impressed, and it was examined by the Motor Vehicles Department, but I am informed it was turned down because it would have created too much work. Surely we can get the department to keep a proper title of a car? If we are to allow the hire-purchase system to continue—and it has become an integral part of our national economy—it must be properly policed, because it has grown to such proportions that it is affecting our Loan works programme, the people's savings, and consumer credit goods. I believe it must be properly controlled, but the question is how to control it. Interest rates under hire-purchase should be controlled. I believe that Mr. Millhouse (member for Mitcham) in his speech seriously chided one Labor member because, according to Mr. Millhouse, he wanted to control everything. Apparently the member for Mitcham does not believe in controlling hire-purchase at all.

Mr. Millhouse—That does not follow.

Mr. STOTT—I gather from that remark that the honourable member and I agree that something must be done to get hire-purchase under proper control.

Mr. Millhouse—You cannot take that from it at all. You are trying to make it all or nothing. That is absurd.

Mr. STOTT—I do not know what the honourable member wants.

Mr. O'Halloran—Perhaps he does not know himself.

Mr. STOTT—He has not given me an answer.

Mr. Millhouse—I have not given the answer you want.

Mr. STOTT—I am prepared to support the second reading so that I can move amendments. Some clauses do not go far enough, and I want explanations on others. Most members of the House have become alert to the position and agree that something must be done. We cannot sit down and do nothing about it. Hire-purchase has got too big and out of hand. Surely, after the illustration I gave, officials will realize that something must be done. The individual in the case I mentioned earlier absconded to New South Wales. I emphasize that his three partners were not involved in the fraudulent deals. They followed him to New South Wales and had him returned to South Australia. The law having taken its course, the three partners had to find between £9,000 and £10,000. The case is not yet completed and it may go to the Supreme Court. When his partners caught up with him in New South Wales, he said in effect, "I'm damned sorry I didn't get you for £25,000."

Mr. John Clark—How did he get out of the major charges?

Mr. STOTT—Because the Crown Law authorities agreed to drop them. It might be asked what is happening to him today. If any member cares to go to the races next Saturday he will see him pull up in a big black motor car, and if he has a big win he will try to influence the member to participate in the floating of another mortgage finance company. There is nothing to stop him from doing this.

Mr. O'Halloran—You can do anything in this country if you get enough mugs to follow you.

Mr. STOTT—Exactly. In order to protect the general public, which has come to accept the hire-purchase system, it is up to this Parliament to do something about it. We must lay down rules of conduct relating to the titles of

motor cars and rules of conduct for hire-purchase companies, providing that they must be properly registered. Parliament has legislated for the registration of land agents, who must satisfy the authorities that they are fit and proper persons to be registered. Why should we not apply the same principle to hire-purchase companies? A land agent must put up a £500 bond, which can be forfeited if he is involved in a shady deal, but a shady individual such as the one I have mentioned is not required to put up a bond.

A case brought to my notice concerned a bogus hire-purchase arrangement concerning the sale of a car on the West Coast. The police record book had to be signed stating that the car had no encumbrances. The purchaser gave that undertaking in good faith and entered into a hire-purchase agreement, and later his father had to come down from the Adelaide Hills and pay £750 to the hire-purchase company to get him out of the difficulty. I can quote more examples. Since this question was discussed in the House yesterday afternoon I have received telephone communications about it, and I had lunch today with several important business people in Adelaide who are prepared to furnish me with other examples. I believe we should attempt to tighten this thing up.

The savings of the people are required for the future development of this wonderful land. Are we to accept the principle that we must have savings in Savings Banks, or are we to diminish the savings of people by allowing them to put all their money into hire-purchase goods? The Commonwealth has reached the stage when it is financing our deficits from Treasury Bills. The population is increasing, and we will need more houses, roads, sewers and schools. Where are we to get the money? We cannot get it all the time if we continue to finance deficits from Treasury Bills, and it must be done by taxation, savings and other means. This is a big question, and I hope I have alerted the House to it. I have made a study of the position over the years, and I believe the right way to tackle it is by an all-out conference of Premiers, followed by the passing of uniform legislation.

Mr. Corcoran—We won't stop those culprits who abuse the law.

Mr. STOTT—It is Parliament's job to stop them. When people start abusing the law something must be done about it. We have reached the stage when we have to tackle this thing from its proper angle. The appropriate departments should have to make out a title to a motor car, and not allow this practice to go on with unfortunate people suffering. A purchaser of a motor car must be properly protected. I believe hire-purchase contracts should provide that after a person has paid money on an item and, through circumstances such as illness, the item is repossessed, that person should be credited with the money he has paid for that item. We should do something about it. This monster has been created and we should try to curb it a little by saying in effect, "If you want to buy hire-purchase goods we will not stop you, but you must pay a certain deposit on the goods." The figure that appeals to me is 25 per cent, but we could make it 33⅓ per cent.

The Commonwealth Bank was one of the first to start in this field of extended credit. I am not certain whether we can call it hire purchase, and would like to check that with the Parliamentary Draftsman and officers of the Commonwealth Bank. In my opnion it is certainly a far better arrangement than that offered by any other hire-purchase company today. It enables an individual to buy plant and machinery by putting down 33⅓ per cent deposit and paying off the balance over a period at a rate of interest that works out at 8½ per cent simple. A flat rate of 8½ per cent is nearly 17 per cent simple interest. I do not know of a better arrangement that one can get today to purchase machinery. It comes under the industrial finance section.

Mr. O'Halloran—Isn't the financial accommodation under that section limited now?

Mr. STOTT—The money available for advances is limited the same as money for housing is limited. The Commonwealth Bank arrangement is a long way in advance of anything offered by hire-purchase companies. I am modest enough to claim that the drive I have been carrying out against these hire-purchase companies all over Australia, through the organizations that I represent, has had the effect of reducing interest rates charged by hire-purchase companies. An individual came to my office with an agreement under which he had to pay an amount every six months on a vehicle. At his request I worked out the interest rate, and according to my figures it amounted to 33⅓ per cent. I said, "That must be crazy," so I asked my accountant to check it for me, and he said, "It is 33⅓ per cent." I asked him to have it re-checked, and again it worked out at an interest charge of 33⅓ per cent on the purchase of the utility. That was a year or two ago, and today the interest rates charged under hire purchase agreements are flat rates of

6 per cent or 8 per cent. The payments made periodically cover principal and interest, but the hirer does not pay interest on the principal owing from time to time, but on the original amount borrowed. Therefore, a flat rate of 8 per cent is the equivalent of nearly 17 per cent simple interest. That is wrong in principle, because the hirer should have to pay interest only on the amount owing. The Commonwealth Bank recognizes this principle, for it charges a rate of 8½ per cent simple interest.

Mr. Geoffrey Clarke—Aren't you confusing "interest" with "accommodation charges?"

Mr. STOTT—That is another matter that I hope we shall discuss in Committee. We should consider how much the accommodation charges should be.

Mr. Geoffrey Clarke—The 17 per cent you referred to previously is not for interest only, but for accommodation charges.

Mr. STOTT—Accommodation charges cover principal repayments, interest and other charges. The proper method would be to provide for regular payments to cover all charges, including interest. The fact remains that the hirer pays the equivalent of about 17 per cent simple interest.

Mr. Geoffrey Clarke—That is not disputed, but the payments made are not for interest only.

Mr. STOTT—That may be so, but the hirer still has to pay them. The agreements should show the total interest to be paid and all accommodation charges. We should legislate on the principle that impelled Christ to drive the usurers out of the temple for charging exorbitant rates. Hire-purchase companies should have to show the amount charged for interest and not be allowed to lump all charges under the term "accommodation charge." I hope the second reading will be carried.

Mr. LAUCKE secured the adjournment of the debate.

HOMES ACT AMENDMENT BILL.

Read a third time and passed.

[*Sitting suspended from* 5.57 *to* 7.30 *p.m.*]

WORKMEN'S COMPENSATION ACT AMENDMENT BILL.

The Hon. Sir THOMAS PLAYFORD (Premier and Treasurer), having obtained leave, introduced a Bill for an Act to amend the Workmen's Compensation Act, 1932-1956. Read a first time.

PULP AND PAPER MILLS AGREEMENT BILL.

The Hon. Sir THOMAS PLAYFORD (Premier and Treasurer) moved:—

That the Speaker do now leave the Chair and the House resolve itself into a Committee of the whole for the purposes of considering the following resolution:—That it is desirable to introduce a Bill for an Act to approve and ratify an Agreement made between the State of South Australia the District Council of Millicent and the companies known respectively as Apcel Limited and Cellulose Australia Limited, and to provide for carrying the Agreement into effect and for purposes incidental thereto.

Motion carried.

Resolution agreed to in Committee and adopted by the House. Bill introduced and read a first time.

COLLECTIONS FOR CHARITABLE PURPOSES ACT (CHEER UP SOCIETY INC.).

The Legislative Council transmitted the following resolution in which it requested the concurrence of the House of Assembly:—

That this House approves of the making of a proclamation under section 16 of the Collections for Charitable Purposes Act, 1939-1947, in the following form:—

SOUTH AUSTRALIA, *to wit.* } *Proclamation by His Excellency the Governor of the State of South Australia.*

By virtue of the provisions of the Collections for Charitable Purposes Act, 1939-1947, and all other enabling powers, I, the said Governor, with the advice and consent of the Executive Council, being satisfied that moneys or securities for moneys to the amount of one thousand five hundred pounds (£1,500) held by the Cheer Up Society Incorporated, a body incorporated under the provisions of the Associations Incorporation Act, 1956-1957, and a body to which a licence has been issued under the said Collections for Charitable Purposes Act, 1939-1947, for certain charitable purposes within the meaning of the said Collections for Charitable Purposes Act, 1939-1947, are not and will not be required for the said purposes, do hereby by proclamation declare that the said moneys or securities for moneys shall be applied by the said Cheer Up Society Incorporated to the payment to the bodies and for the purposes set forth in the first column of the schedule hereto of the amounts respectively set forth opposite to them in the second column thereof:—

THE SCHEDULE.

The Missions to Seamen—War Memorial Building Appeal	£750
The Soldiers Home League Inc.—(War Veterans Home) Building Appeal	£500
The Home for Aged Trained Nurses—Appeal by the Returned Sisters Sub-Branch of the Returned Sailors', Soldiers' and Airmen's Imperial League of Australia (South Australian Branch) Incorporated	£250

The making of this proclamation has been approved by resolution of both Houses of Parliament.

Given under my hand and the public seal of South Australia, at Adelaide, this day of , 1958.

By command,

Chief Secretary.

C.S.O., 141/1940.

GOD SAVE THE QUEEN!

ROAD TRAFFIC ACT AMENDMENT BILL.

Returned from the Legislative Council without amendment.

POLICE OFFENCES ACT AMENDMENT BILL.

Returned from the Legislative Council without amendment.

SUPREME COURT ACT AMENDMENT BILL.

Second reading.

The Hon. Sir THOMAS PLAYFORD (Premier and Treasurer)—I move—

That this Bill be now read a second time.

It has been introduced to increase the salaries of the Judges of the Supreme Court. The Government has recently given consideration to this matter and is satisfied that, owing to recent movements in the general level of public salaries both in South Australia and other States, the judges have a just claim to an increase.

Before the war the salary of the Chief Justice was £2,500 and each of the other judges received £2,000. Since then these rates have been increased to £4,750 and £4,000, respectively. Thus, the increase is of the order of 100 per cent. Most other rates of pay have increased by more than this. Although the decision of the Federal Arbitration Court increasing margins of wage earners to two and a half times the 1937 rates did not apply to the higher professional salaries, most of these salaries have, in fact, been increased by something like 150 per cent. It is clear, therefore, that the judges have not yet received the full benefit of the higher standards generally prevailing.

Upon due consideration of the relevant facts the Government has formed the opinion that an increase of £1,000 is clearly justified. The Bill therefore provides for this. The existing difference of £750 between the salary of the Chief Justice and those of the other judges is maintained.

Clause 4 of the Bill provides that the new rates will operate from July 1 last. The reasons for making the Bill retrospective to this extent are that representations in support of an increase were made to the Government some months ago, and that increases in other comparable salaries had already been granted at that time.

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

PRICES ACT AMENDMENT BILL.

Adjourned debate on second reading.

(Continued from October 21. Page 1302.)

Mr. O'HALLORAN (Leader of the Opposition)—This Bill continues price control until the end of 1959, and to that I offer no objection, although I would have been more pleased if the Government had brought down a full-blooded measure to continue price control for all time, and to provide for administration on the lines of the Fair Prices Act which has been such a success in Queensland for many years. However, in the intervening period there will be, no doubt, a change of Government and a change of viewpoint on this matter of fair prices—I mean prices that are fair to the manufacturer, the vendor, and the public—and legislation to prevent exploitation of the public in every respect will be placed on the Statute Book. The Opposition has a firm view on this matter. We believe in fair dealing and fair trading, and that everyone who renders a service to the community is entitled to a reasonable return, but that it is the duty of the Government, which is supposed to represent the community at large, to see that no section is able to exploit the majority of the people. The Minister, in moving the second reading, said:—

The Government is satisfied that the activities of the Prices Department continued to be highly beneficial to the State and that the continuance of its operations is justified.

I agree that the continuance of this legislation is justified, but when one looks at the increases in the cost of living in the last two quarters, as disclosed by the Federal Statistician, one wonders whether the legislation is as beneficial as it should be, and in conformity with the principles it is supposed to implement. For instance, the increase in the cost of living in South Australia in the June quarter was 6s. For the last quarter for which figures are available, and it ended a few days ago, the increase was 4s. In both quarters the increases in South Australia were the highest of the Australian States, which brings into sharp relief the injustice inflicted

on workers here and in other States working under Federal awards by the wage pegging policy that has continued for a considerable time. As a matter of fact, if it were not for the wage pegging policy of the Federal Government, South Australian workers, following on the recent increase of 4s. in the cost of living, would be receiving 8s. a week more than they are. I noticed in a press report dealing with the recent cost of living rise that meat was supposed to be the principal factor in causing the increase. In the *Advertiser* of October 18 the following appeared:—

The quarterly C series retail price index released today shows that a rise in meat prices contributed most to the Adelaide living cost increase.

Later the report stated:—

Meat prices rose in five capitals, including Adelaide, where they were the predominant factor in the movement of the total cost index for the city.

I was one of those who, in the earlier part of this year, said that I thought it would be advantageous to the community if meat prices were decontrolled. Members will remember that at that time the quality of really first grade meat available for the Adelaide market was very limited, and the consumption had to be met with large quantities of second grade meat, not due to any circumstances that the meat producers could overcome, but entirely to unfavourable seasonal conditions. I felt that, overall, the removal of price control would eventually result in the price of meat finding its level, because those who wanted choice cuts would be compelled by the law of supply and demand to pay high prices, and the majority of people who perforce had to purchase the less succulent cuts of meat, because there was not enough first quality meat to go round, would get the lower quality meat at lower prices. I do not know whether that has happened, but it is significant that the meat price is referred to in the press report I quoted as one of the major factors in the recent cost of living rise of 4s. in this State.

Of course, we must remember that meat prices were only decontrolled in South Australia on September 1 last and that the Statistician's figures were, I understand, made up until the end of that month, so the decontrol of meat prices could only have had an effect on the cost of meat for one-third of the current quarter. I believe that the major increase in the price of meat took place in the early part of the quarter, but my point is that when the Premier announced the decontrol of meat prices he said it was experimental, and that if any exploitation occurred as a result the Government would not hesitate to re-control prices.

We have had no indication that there has been an investigation into why this increase took place, or whether it took place before or after meat prices in South Australia were decontrolled. I suggest that the Premier, as Minister in charge of price control, should devote early and effective attention to this matter in order to ascertain whether the beneficial results which I believed—and which I think the Premier believed—would result from the decontrol of meat prices have taken place or whether the community has been further exploited. I suggest that as we propose to continue this legislation for a further 12 months an immediate inquiry should be made into meat prices, particularly in the metropolitan area, to ascertain whether there is undue exploitation of the public.

Mr. Heaslip—Seasonal conditions must play an important part.

Mr. O'HALLORAN—They may, but I do not know. The point is that press reports of the reasons for the increase in the cost of living reveal that the rise in meat prices was one of the principal factors. I am concerned with whether this rise in meat prices to the consumer took place before or after decontrol. If it took place after decontrol I suggest it is something the Prices Department should examine to see whether or not control should be reimposed. In my opinion an even more important matter than the price of meat is related to the Minister's statement:—

The Government has also received a great deal of information about the effect of the work of the Prices Department on the prices of clothing, footwear and foodstuffs.

I have referred to the price of meat and I do not intend to deal with the price of footwear, because I have not received recently any serious complaints about that. However, I think that the price of clothing—and particularly the price of clothing manufactured from wool—should be the subject of a most rigorous investigation by the Prices Department.

Mr. Hutchens—Tailor made suits today cost more than they cost in 1951.

Mr. O'HALLORAN—That is so. In 1951 the average price of wool sold in South Australia was 12s. a lb., but today the average

price is under 6s. a lb. So far as I can gather, not only has there been no reduction in the price of clothing, but—

Mr. Hambour—Steady up.

Mr. O'HALLORAN—I am stating what I believe to be the position. Probably the member for Light is in a position to know a lot more about it from the selling side than I know about it from the purchasing side. My point is that the price of wool has dropped by more than 50 per cent since 1951 and yet when I go to my tailor to purchase a suit made from wool I have to pay considerably more now than I did in 1951.

Mr. Millhouse—How much has the basic wage increased in that time?

Mr. O'HALLORAN—The honourable member, of course, has no sympathy for the worker. He is only concerned with trying to keep his conditions down to the irreducible minimum. If he had his way he would have the worker living on rice and wearing a loin cloth. It is admitted that the basic wage has risen but it has not gone up in proportion with the fall in the value of the raw material.

Mr. Millhouse—Of course, it depends on what proportion of the price is attributable to labour costs and what proportion to the cost of the raw material.

Mr. O'HALLORAN—A few years ago when I was a woolgrower I was always amazed at the disparity between the price I received for my wool and the price I was charged for garments, blankets or underclothing made from the wool I grew. My point is that that disparity has grown in recent years. It is time the Prices Department examined the question because, after all, we are faced with a problem in marketing our wool at present. It is not so easy to sell as it used to be. Down the years the competition of Australian mills has helped to keep prices healthy but the Australian mills have to rely upon the Australian market for the sale of their finished products. I do not know who jacks up prices, but when I go to my tailor soon to procure a new suit I will be expected to pay £37 for a very ordinary unembellished suit of clothes made from Australian wool. The suit will contain only about 3½lb. of wool that would cost the manufacturer 18s. or less. I wonder where the additional profit is going? We hear much about the competition from synthetics, but I believe wool is such a wonderful natural commodity that it has nothing to fear from such competition providing prices are kept at a reasonable level, but if we allow the price of woollen goods to be increased and overseas manufacturers of synthetics to enter our markets with competitive advertising then it will not be in the interests of the Australian woollen industry, which is our most important industry. Irrespective of what is said to the contrary, I believe it will continue to be our most important industry for many years and it is essential that we should protect it. Not long ago I had an opportunity when overseas of examining in England and other countries the price of goods made from Australian wool. When I compared the prices of similar garments made in Australia from Australian wool I was astounded. It is time this matter was closely examined to ensure that we, who grow the wool, might obtain woollen garments at a fair price.

Mr. Heaslip—The value of wool in a suit has little bearing on the ultimate cost.

Mr. O'HALLORAN—The value of the wool is about 18s. and the cost of manufacture is not very great.

Mr. Hambour—A suit would contain about 7 lb. of greasy wool.

Mr. O'HALLORAN—It is pretty poor greasy wool if it takes 7 lb. for a suit. Such wool undoubtedly would contain much sand. The ordinary suit is not all wool, but contains a certain quantity of cotton; and the weight of wool in it is only about 3½ lb. The figures I have given were supplied by the Council for Scientific and Industrial Research Organization. Scoured wool was mentioned by Mr. Hambour. I have sold wool the clean scoured content of which was under 50 per cent, and I have also sold wool that was over 75 per cent clean scoured, but I should say that the average Australian wool would be between 60 and 70 per cent. I believe that this legislation should be continued and, as I remarked earlier, it should be permanent, but it will not be made permanent under this Bill. As the legislation is to be extended for 12 months, I support the second reading.

Mr. MILLHOUSE (Mitcham)—I oppose the second reading, but before dealing with the contents of the Bill I should like to correct one or two mistakes of the Leader of the Opposition. I was hurt and surprised that he should make such a personal attack as he did on me, saying that I tried to depress the standards of living of the workers. He knows that is not true.

Mr. O'Halloran—It is just as true as your attack on me in the hire-purchase debate.

Mr. MILLHOUSE—We are not debating that Bill now, but talking about price control.

Mr. O'Halloran—You can give it, but cannot take it.

Mr. MILLHOUSE—I resent very much the implication in the honourable member's remarks. My object is to serve all men. He showed lamentable ignorance on the subject of the cost of suits. He should know that an overwhelming part of the price of a suit is involved in the manufacture of the cloth and the making of the suit, and if the price has not decreased since 1951, during which time the price of wool has dropped, that has been solely because of the rise in the cost of producing suits.

Mr. Geoffrey Clarke—The reduced output of the employees engaged in tailoring.

Mr. MILLHOUSE—That could be so. There is no sinister profit by an unnamed person, which Mr. O'Halloran would have us believe. All in all, I was disappointed with the honourable member's speech and after his remarks about meat prices earlier I thought he would be on my side. We know that price control is not a political matter, because certain Labor Governments in Australia have abandoned price control and the only two Governments continuing it are Liberal. In the *Advertiser* of July 24 appeared the following:—

Advocating a lifting of meat control before September, Mr. O'Halloran said that at the last Adelaide sales beef on the hoof had brought varying prices of from 9d. to 2s. a pound, and yet reports have indicated that there were few first quality cattle offered.

"The result of price control is that the maximum price has become the minimum price," Mr. O'Halloran said. "If it were decontrolled it would find its own level."

He said he was convinced that the people who could not afford to pay top prices for meat would be able to get good cuts at a comparable rate if price controls were abolished.

I took that as clear evidence that the Leader of the Opposition had seen the error of his ways and was prepared to vote against the continuance of price control, but apparently he was wrong then. If it is true of meat, why is it not true of every other commodity? My contention is that it is perfectly true.

Mr. O'Halloran—Will you tell the House the cause for increased meat prices?

Mr. MILLHOUSE—The honourable member himself dealt with that, but whether he is trying to lay a trap for me, I do not know. As he said, he does not know the cause for the increase, and would like the Prices Branch to make an investigation to see whether the price went up before or after the de-control of meat prices. I suggest that on his own statement tonight, it has nothing at all to do with the matter. Last year I spent much energy to show the evils of price control, and I am bitterly disappointed that all my time and effort apparently went for nothing, because my words rolled off the back of the Government as though they had never been said. I served up on a platter to the Government what I considered would be an extremely good second reading speech this year but even that was spurned. I thought that what I considered very good reasons for the continuance of price control, taken from the Edict of Prices by Diocletian in A.D. 301, would have been incorporated in the speech this year, but they were not.

I do not intend now to take up the time of the House unduly on this measure. Although I stick firmly to the principles I have always adopted on this subject, I realize that I am in a minority in this House. I shall run briefly through my remarks given on the previous occasion and offer the same invitation as I did then for any honourable member to say whether I am wrong in what I advocate. First, I suggest that price control is fundamentally opposed to Liberal beliefs because it interferes with the law of supply and demand and with the right of the individual to run his own business as he sees fit. Furthermore, it penalizes one section of the commercial community, in this case purportedly for the benefit of the whole community.

I believe that all those things are wrong. I point out, secondly, that originally this was a war-time measure, introduced because of the scarcity of consumer goods, but it has now apparently become a permanent feature. Thirdly, I suggest, as I suggested last year, that in fact inflation can never be checked by price control. At a time when I think every State in the Commonwealth was administering price control—in 1951-52—we had the quickest and greatest rise in prices in this country that we have ever had.

Mr. Dunstan—Was it under Commonwealth price control?

Mr. MILLHOUSE—No, the greatest inflation occurred when the States were administering price control. I should be very grateful to the member for Norwood if he would get up and show me where I am wrong in this. Price control cannot check inflation: it can merely sanction inevitable increases in prices. It may delay increases for a time, but it can do no more than that because the causes of inflation have to be sought elsewhere. Fourthly

—and this may help to mollify the member for Norwood—it seems obvious that price control can be really effective only if it is applied over the whole economy in all six States of the Commonwealth, and over all classes of goods. At present it cannot be effective. Fifthly, it encourages trade associations and price rings which are formed in self-defence. Sixthly, it distorts the market because it reduces supply and at the same time increases demand. Seventhly, the maximum price, as the Leader said, tends to become the minimum price, because everyone charges the highest price he possibly can and we never get any variation from it. The Leader made that point about meat, and I claim it is true of every commodity. Eighthly, no allowance can be made under the prices regulations. If anyone looks at the list of declared goods and services he will see that no allowance can be made for quality.

Mr. Hambour—Oh no!

Mr. MILLHOUSE—I invite the member for Light to look at the list. If he can show me where any allowance is made for quality in that list—which I am told by the Parliamentary Librarian is entirely up-to-date—I shall be pleased to see it.

Mr. Dunstan—Have you examined the prices orders under that list?

Mr. MILLHOUSE—No, and I shall be grateful if the member for Norwood can show me where I am wrong. I have a completely open mind on this matter.

Mr. O'Halloran—Haven't you been wrong sometimes?

Mr. MILLHOUSE—I am often wrong, but I am not wrong on this occasion. Finally, I suggest that such a long time has elapsed since we had a free market in this State that there can be no real price control at all, only profit control. All the Prices Commissioner can do is to look at a firm's balance-sheet, see what profit it is making, and then decide what price he will graciously allow to be charged. Those are briefly the reasons which I gave last year and which, I suggest, are just as valid now as they were then.

I have mentioned my bitter disappointment at the change of attitude of the Leader of the Opposition on the subject of meat. On that subject I would now like to quote from the *Sunday Mail* of August 30 last. One of the most alarming consequences of the eventual decontrol of meat was the attitude of some butchers. I am delighted that meat was decontrolled, for I think it was a step in the right direction. This is what one butcher said:—

> Quite a few suburban butchers want it to remain because it saves a lot of work having their prices worked out for them. The Prices branch did a good job.

In other words, price control had been imposed in the butchering trade for so long that butchers were not able, or at least were unwilling, to price their own meat. They had apparently lost the art of merchandising their goods, and that, I am afraid, is what is happening generally in this State. All that such people can now do is have a look at the invoice, find what margin of profit is allowed, look at a ready reckoner, and fix the price. There is no true merchandising of goods. The art of buying and selling at an attractive price is being lost in this State because of price control; people have actually come to rely on this Government Department to fix the price for them, and they are unwilling to take the responsibility of doing it themselves. I think that is a most alarming trend, and it has come about with the decontrol of meat.

Last year, I referred to the moral effect of what I termed control without control, and the smug self-satisfaction of the Prices Branch at being able, as they claim, to arrange things in a manner highly beneficial to the State. I will give what I believe is a true example, and I shall be glad to provide, if necessary, the names of the people concerned and the occasion on which this happened. I think the example is probably not untypical of the activities of the Prices Branch, and I suggest it is a most undesirable state of affairs.

A motor car was damaged in a collision with a motor cyclist. Without going into the pros and cons of it, I merely say that the motor cyclist, a new Australian, was at fault and was responsible for the repairs to the motor vehicle. When he was presented with the bill he said it was too much. He went to the Prices Branch and complained about it, which I presume he was perfectly entitled under this legislation to do. The Prices Branch then descended upon the motor house that carried out the repairs. An officer of the branch made more than one visit, checked all the invoices and time and job sheets, took up the time of three or four men in that organization (for which no recompense could possibly be obtained), and at the end of an exhaustive investigation said that he did not approve of the charge made, but could find nothing wrong with it. He nevertheless suggested to

the management of that house that in all the circumstances, the man having complained and being a new Australian, the price should be reduced. The motor house refused to reduce the charge. The man from the Prices Branch then went away, and a little later the firm received a letter from the branch saying that it was considered the price should be reduced by £10. It also stated that the complainant and the insurance company for whom the job was done were being informed to that effect. That was the height of meanness, but the motor house was finally paid by the insurance company the full amount of the bill.

Mr. O'Halloran—When did this happen?

Mr. MILLHOUSE—Some months ago, and that is a practice which is going on now and which is entirely undesirable and immoral. When one reads the second reading explanation of this Bill he cannot help being struck by the smug self-satisfaction of the Prices Department and, I say with respect, of the Prices Minister about the activities of the department. I do not know how many members have read George Orwell's "1984," but it is a frightening book. I see the member for Norwood (Mr. Dunstan) smiling, and he no doubt agrees with me, and I believe that the attitude of the Prices Department is like that of "Big Brother." The book states that there will be slogans on walls in zone 3 (which I think is Great Britain) that "Big Brother is watching you," and that is exactly what is happening under price control in South Australia. The Prices Department is "Big Brother," and it is watching the commercial interests of this State to see that they do not do the wrong thing, and if they do, whether or not the goods and services concerned happen to be under control, it will clamp down on them, and this is a most undesirable and wrong approach. I reaffirm my opposition to this legislation, and oppose the second reading.

The Hon. Sir THOMAS PLAYFORD (Premier and Treasurer)—I would not have risen to speak on the second reading if I had not thought my colleague, the member for Mitcham, was not fully aware of the constitution and principles of the Liberal Party. I have a copy of the constitution of that Party, to which I have the honour to belong, and it is a document that is freely available to the public, unlike the rules of some other Party. For the benefit of the member for Mitcham, and of members opposite so that they may realize what they are missing by sitting on that side of the House, I quote the objectives of the Liberal Party. They are:—

To have an Australian nation:

1. Safe from external aggression and living in the closest communion with its sister nations of the British Empire, playing its part in a world security order which maintains the necessary force to defend the peace.

2. In which national defence is a matter of universal duty, and in which the spirit of patriotism is fostered and all Australians united in the common service of their country.

The next clause is the one to which I particularly refer the member for Mitcham:—

3. In which an intelligent, free and liberal Australian democracy shall be maintained by:—

(*a*) Parliament controlling the Executive and the law controlling all.

(*b*) Freedom of speech, religion and association.

(*c*) Freedom of citizens to choose their own way of living, and of life, subject to the rights of others.

(*d*) Protecting the people against exploitation.

(*e*) Looking primarily to the encouragement of individual initiative and enterprise as the dynamic force of reconstruction and progress.

The honourable member will see that we have always stood for protecting the people against exploitation. Let me assure him that, although the Government has not made price control a permanent law, it believes in seeing that the general rights of the public are fairly protected and that the public get a fair deal. The honourable member is probably opposed to price control because his is one of the few professions that have permanent price control, but I am satisfied that price control has been beneficial to the South Australian people as a whole. I do not say that it will be continued permanently, for more and more competition is coming into the distribution of many commodities, but we still cannot buy all commodities whenever we like.

Almost every day I am informed by some business house that it is restricted in the amount of trade it can do because of import licences, which have a hampering effect upon free trade. Those who, through good luck in having imported commodities during a certain period, now have a quota to import, are in a unique position, for they can demand high profits. The administration of price control in South Australia costs 1s. 5½d. per capita per annum, and every South Australian has had that sum made up to him many times over without creating any hardship to anyone. Some decisions of the Prices Commissioner have saved the community

hundreds of thousands of pounds. In the circumstances I am certain that the continuance of price control is important. I do not believe that we should engage in profit control. As Minister in charge of Prices, I say that, as far as I am concerned, there is no smug belief that the Prices Branch and their decisions are always right. I can assure the House that the Prices Commissioner and his officers are a sincere body of men, anxious to do the fair thing by everyone.

I find that, when those most opposed to price control from a distance see the work of Mr. Murphy and his officers, they frequently come to me and commend that work. In that connection, if honourable members compare the cost of living in this State with that in other States in the Commonwealth, they will find with one exception that it is lower and has enabled us to provide a sound economy, possibly as sound as any in the Commonwealth. We have been able to attract new industries and go ahead with a period of great expansion and development.

High prices are no good to anybody, as every honourable member here realizes. I am sure that primary producers who immediately after the war had unprecedented high prices have begun to realize that, wherever there are excesses one way, excesses build up in another direction. For instance, the high price for wool has encouraged the use of synthetics and hampered the expansion of the use of wool.

The Hon. G. G. Pearson—It contributes to inflation and forces up costs.

The Hon. Sir THOMAS PLAYFORD—Obviously, so that the primary producer today is faced with the position that wool prices have gone down but his costs are still up. I do not intend to take up the time of the House further, except to commend this pamphlet on the Liberal Party policy to honourable members opposite. It is freely available to everyone and is in the library. I will lend members this copy if they desire to see it.

Mr. HAMBOUR (Light)—I want to preface my remarks on this Bill by saying that I admire the honourable member for Mitcham (Mr. Millhouse). This is the second time in a fortnight he has been opposed to his Party. He has stated his views; he may be misguided in some of them but he has withstood the assault of the Assembly and is thus to be congratulated.

The honourable member passed me a copy of the prices list and asked me to give him an example of quality counting under price control. This afternoon I had the pleasure of looking up into the gallery and seeing a bonny baby, the son of Mr. Millhouse. I assume from that that the honourable member would be conversant with napkins. I am going to deal with napkins for a moment to illustrate that quality does count. I can tell him that he can buy napkins for from 27s. to 77s. a dozen. A month ago the Federal Government introduced a duty on material used specifically for napkins, because it was being used for football shorts as well. It is a swanskin, a fleecy lined twill. I want to make the point of the necessity for control over a line like this. Under security, you can bring in this line to be used specifically for napkins and save 1s. 4d. a yard, which is the duty that would be imposed upon it if it were to be used for football shorts. If there was not some control over the lines in the list that the honourable member for Mitcham passed to me, there would be profiteering because of the restrictions, not only import restrictions but restrictions relating to duty and other things.

I could give the honourable member dozens of instances of lines in this list. I am sure that he will believe me when I tell him that the profit margin is related to cost, and quality certainly has a bearing on cost. In the prices regulations everything is dealt with in percentages, and percentages of cost with two margins—one indicating whether it was bought from a wholesaler, another indicating whether it was bought from a manufacturer. It completely confounds the argument that quality does not count under price control. That is wrong. There may be a sharpshooter selling crook meat for good meat but he would get away with it only on one or two occasions because, when all is said and done, customers are not all that silly.

I want now to deal with what the Leader of the Opposition said. I believe he said—he will correct me if I am wrong—that there has not been a reaction to the drop in the price of wool. At any rate, that is what he meant to convey.

Mr. Stott—That is not true amongst the growers.

Mr. HAMBOUR—If the honourable member for Ridley will listen he will appreciate the fact that it takes approximately 12 months for greasy wool to be processed, manufactured, and sold. The sharp drop that took place is really having an effect now. The benefit will not be felt until next winter.

Mr. O'Halloran—What about the drop that took place two years ago?

Mr. HAMBOUR—Surely members are aware that the Federal Government subsidized wool when it reached that high price, and that subsidy was subsequently withdrawn. That is correct.

Mr. O'Halloran—Subsidized for what?

Mr. HAMBOUR—When wool reached an all time high, the Federal Government subsidized the manufacturers of wool to keep prices down to a reasonable level. Why hasn't the price of wool come down? The answer is that it has come down but it must be remembered that the value of the wool in the garment is, I will not say negligible, but very small compared with its cost. The Leader of the Opposition contradicted me when I said it took seven pounds of greasy wool to make this suit. It depends on the type of cloth. With fine worsted it is possibly as low as three pounds; with other material it may be five pounds; I can assure the honourable member that with heavy tweed it is as much as seven pounds. In a £40 suit containing seven pounds of greasy wool at 6s. a pound only 42s. worth of wool is used. Members opposite may say that it is possible to buy a suit for £8 or £10, and that is true, but the acceptance of that fact damns their argument. The workmanship and linings in a suit represent most of the cost. Will anybody say that the labour cost of producing a suit has come down? Although it has not been large, there has been an increase in labour costs

The simplest woollen article made, which contains the greatest amount of wool and which has the lowest manufacturing cost, is a single blanket weighing approximately 4 lb. Prices of these blankets have dropped sufficiently to compensate for the drop in the price of wool, and this also applies to the better type blanket weighing about 9 lb. Blankets are being quoted for next winter at about 15 per cent less than this year's price. That percentage does not only come off the price of the wool, but off the manufactured cost. We all know other things have to be used in the treatment of wool, so the amount of wool has little effect on the cost of the manufactured article. Probably an outstanding example is a lady's cardigan, which costs from 27s. 6d. to £27, although the weight would be about the same.

Mr. Stott—If you could quote the reduction in price of greasy wool used in a blanket and the reduction in the cost of that blanket, you could prove your case.

Mr. HAMBOUR—It takes about 16 lb. of greasy wool to make a pair of double blankets, and if the wool were bought at 5s. a pound the value of it would be £4. The price of wool has not dropped 50 per cent in the last 12 months; the drop was only 37 per cent when the manufacturers had to secure wool for the next year's market, but the price of blankets has fallen considerably. After all, they cannot buy when they want the wool; it must be treated, processed, turned into yarn and carded before going to the mill, so 12 months elapse from the time it leaves the sheep's back until it is made into the finished article. If members check the figures they will see that the reduction in the wool price is reflected in the price of the manufactured article.

About four weeks ago a gentleman I know walked down Rundle Street and wrote £30,000 worth of business at prices 15 per cent lower than last year, but he did not get one confirmation of an order as the retailers were waiting for the wool market to fall, but it will not. I asked him why he did not quote a price and pin them down to firm orders, and he told me that he could not afford to take even a 2½ per cent risk. Most of the business is transacted on small margins. It may be said that it costs as much to take the article to the customer as to produce it, but whether that is so depends on how the article is produced.

I think it is completely wrong for the Prices Commissioner to relate profits on individual lines to balance-sheets. The list I have contains as many lines not controlled as controlled, and they will all be sold by big general stores. They can do anything they like with the lines that are not controlled to build up the necessary profit and have a balance-sheet satisfactory to shareholders, but the person who deals only in controlled lines has a very thin margin. I think it was the member for Mitcham (Mr. Millhouse) who said that the maximum price becomes the minimum. God bless his soul, I wish he were right! If he were, he could leave this Parliament and enjoy a happy life advising people what to do. I think he believed what he said, but if he could tell us the quantity and the time to buy everything would be all right. However, that does not happen, and although I believe the Prices Commissioner considers it he has to fall back on the balance-sheet as a last resort. He is justified in saying "What are you complaining about? Your balance-sheet is all right," but percentages cannot be

tied to a balance-sheet. I am not sure whether it was the member for Mitcham who said that this penalizes a section of the community but I prefer to say that it keeps a section of the community in line. They have halters around their necks and hobbles on their ankles. However, a big proportion of the business community runs loose, and I do not know how to deal with them. For instance, tyre retailers all quote the same price, notwithstanding that they all buy rubber and cottons on fluctuating markets, which are quoted on the Stock Exchange, and their costs are the same. They are the perfect example of doing everything right at the right time, all of them—I don't think! Section 92 of the Constitution completely nullifies anything in this Bill. If a tyre comes from across the border there is no control.

The Hon. Sir Thomas Playford—The honourable member is not correct. If it is sold in South Australia it is subject to the Prices Act.

Mr. HAMBOUR—The Premier is wrong. The margin of profit depends on the price at which the tyre is invoiced to the purchaser in South Australia. The manufacturer in Melbourne is not subject to price control, and there is no tyre factory here.

The Hon. Sir Thomas Playford—We fixed tyre prices for a number of years, and only decontrolled them recently.

Mr. HAMBOUR—The matter of bargaining between the Commissioner and merchants handling certain commodities has proved successful in some instances, but not in others. It was tried in Rundle Street, but broke down. However, there are so many lines over which we have no control. When I first entered this Chamber I said that many organizations needed to be brought into line, and I still believe it. What powers have we? Manufacturers of certain articles are not necessarily under control, but the Commissioner polices their activities and if they get out of line they are brought under control. I am satisfied with that. I am also satisfied that price control has benefited the people to the extent of millions of pounds. It might be said that it is only in small margins, but when we consider the number of articles sold under price control we can realize its magnitude. Under price control certain lines are a complete failure for merchants because they cannot recompense themselves. Reference has been made to woollen goods. A drop in price prevents the merchant from picking it up next year. He could average his prices, but that is not permitted. That is a disability he must face.

The Premier referred to import restrictions. If a man holds an import licence today he is in a similar position to the holder of a hotel licence in a busy thoroughfare. He can sit in an armchair and watch people bringing in their shekels. If he has an import licence he is home and hosed. The question of import restrictions must soon be examined by the Federal Government. I am sure that price control is good for the people, but I am equally sure that it is not so good for the merchants.

Mr. Stott—Tell us about the proprietary lines sold by pharmacists and chemists.

Mr. HAMBOUR—I will attack any industry that I think is having a go, but I will fight for any industry I think is being suppressed under this legislation. I am pleased that recently the Prices Minister rectified what I considered to be mistakes he had made. He has a most unenviable job. He is attacked by experts on every side. He is expected to have an answer for every expert, but if he is found wrong it is not to be wondered at. How is he to know the intricacies and ramifications of every article in every business? He sends his officers out to get information and then he makes his decision. If he is wrong I excuse him. I support the Bill.

Mr. DUNSTAN (Norwood)—I am sure the House has been interested in Mr. Hambour's remarks. It was one of the best speeches we have heard from him, but there are a few remarks that call for some answer. The member for Mitcham (Mr. Millhouse) has consistently opposed this legislation and has done so on what he considers Liberal principles. I believe there are Liberal principles which can be spelt with a small "l" and not with a "£" sign. From his remarks I do not think he has paid close attention to the so-called Liberal economists. I am liberal and that is why I am a member of the Labor Party, because that is the only Party with liberal principles. I am not referring to the vague and extraordinary statements that were delightfully unprecise, which the Premier claimed as the platform of the Liberal Party.

Mr. Millhouse—I wish you would let me have a look at your platform.

Mr. DUNSTAN—The honourable member can have a copy of it.

Mr. Millhouse—Bring it over.

Mr. Dunnage—It will be the first we have ever seen.

Mr. Millhouse—I will come and get it.

The SPEAKER—Order! The member for Norwood.

Mr. DUNSTAN—I am impressed with the delight of members opposite. I am certainly not convinced of the ingenuousness of their delight because I remember Mr. Millhouse, in a recent debate, quoting at length from our platform.

Mr. Jennings—And I gave it to him.

Mr. DUNSTAN—Yes. Of course, he now feigns not having seen it. Mr. Millhouse said—and he glossed over this rapidly—that the whole problem of price control was that it interfered with the law of supply and demand. According to the honourable member, the law of supply and demand is a Liberal principle and therefore we cannot have price control if there is any interference with that law. If he had paid any attention to Adam Smith—if we must go back to the earliest British political economist—or any economist since, Henderson, Chamberlain or Lord Keynes, and he must have heard of Lord Keynes—

Mr. Jennings—He thought he was the General Manager of the Tramways Trust.

Mr. DUNSTAN—If he paid attention to any of these economists he would know that the laws of supply and demand are a series of so-called laws used for rudimentary analyses in economics assuming a state of perfect competition. A state of perfect competition only exists where neither any single buyer nor any single seller can by his own means affect the market.

Mr. Millhouse—If this is all so, why did your Leader make his comments about meat?

Mr. DUNSTAN—I will come to that in due course. I am now instructing the honourable member in Liberal principles and I do not want to get away from that at the moment.

Mr. John Clark—Don't you realize you are wasting your time?

Mr. DUNSTAN—Yes, but hope springs eternal in the human breast and there is always the chance that the seed will not fall on infertile ground. On the assumption of the existence of perfect competition, neither the single seller nor the single buyer can by his actions affect the market, but the market price will, by falling, automatically eliminate the producer at the margin and restrict the supply so that the producer will produce the amount which is demanded by the community. Alternatively, if there is an increase in price then there will be more people called into production, more producers will come in at the margin, and production will be extended.

The other assumption is that this system automatically produces the optimum of production because the distribution of income which gives rise to effective demand in the community is the right one. Although we now have a more just distribution of income in the community, in practice in no sector of our economy today does perfect competition exist. Mr. Hambour had something to say about it and the "Big Brother" also had something to say about it. It was in the first William Queale lecture given in South Australia by no less a personage than the Honourable Sir Thomas Playford. In that lecture he very clearly set forth the fact that perfect competition does not exist within our economy. If the honourable member likes to examine the works of Chamberlain, Keynes or Robinson on the working of imperfect competition he will see that in our semi-monopolistic economy it is clear that we have a greater concentration of control than that which operates in practically any of the western countries.

Even apart from that fact, it is becoming clear to the holders of economic power in our community that there is more to be gained in combination than by competition. It is much easier for people to get profits if they combine to agree on the price for the whole market, and they do it. An example was given by Mr. Hambour. It happens in almost every sector of our economy, even in goods where one would think there would be some kind of competition. It happens in grocery lines to a large extent, with ice cream, and in furniture manufacture. In many of these things one cannot get into the competition at all, and even if one starts, one's source of supply will be eliminated and a price ring will be fixed by the manufacturer and the wholesaler; under those circumstances the laws of supply and demand have no effect whatever. The price to the market is fixed by the supplier and the profit margin which, in a state of perfect competition, would be fixed by the market is no longer so fixed. Under those circumstances it is inevitable that some form of price control that fixes the profit margin must be a permanent feature of planning within our economy.

Mr. Millhouse—If that is so, why have Socialistic Governments in the other States abandoned price control?

Mr. DUNSTAN—Because in some cases they found that the operation of price control by State Governments had doubtful effect. I personally did not agree with the action taken, and that applies to the action taken by the New South Wales Government. Action was also taken by the Governments of Queensland and Western Australia, the position in the latter State being the result of the stand taken in the Upper House by the

Liberal Party which rejected a continuance of price control. The blunt fact is that State price control cannot be a completely effective weapon.

Mr. Millhouse—Would a Federal Labor Government attempt to introduce price control if given power by a referendum?

Mr. DUNSTAN—It might well do so, but it would only do so as the result of a referendum. I personally would hope that it would seek a referendum because I think that Commonwealth price control is an essential part of the economic planning of this country.

The Hon. Sir Thomas Playford—Is the honourable member aware that Mr. Chifley abandoned price control?

Mr. DUNSTAN—Yes. I am glad to refer the Premier to an authoritative pamphlet in the Parliamentary Library dealing with Commonwealth price and rent control that was issued in 1948. What was the situation under Federal price control which was used as one part in our economic planning? Subsidies were not only granted to some of our internal manufactures, but they were also used to cushion overseas price rices, particularly in respect of staple commodities such as timber. These were interlocking devices which were possible only under Federal price control, although the control was decentralized in the various States. Nevertheless, the policy was interlocking with these other devices.

Let us trace what happened under Federal price control, at the same time having in mind the inflation that took place in other countries. In answer to Mr. Millhouse's allegation that price control cannot effectively stop inflation, let us look at the record. Take the year 1938-39 as the base and compare the increases in the general cost of living between that year and 1947. According to the C series index Australia's general cost of living during that time increased by 47 per cent. New Zealand increased by 55 per cent, South Africa 70 per cent, Canada 76 per cent, Great Britain 93 per cent, U.S.A. (which did not have our system of price control) 100 per cent, Argentine (which also did not have price control) 144 per cent, and France 880 per cent. Australia was the country which had the most effective interlocking system of price control—interlocking with the policies of the Capital Issues Board, of import control, and of subsidies on staple items of consumption, particularly staple items of household expenditure. That is what can be done under price control. Anomalies did arise, and I do not deny that they will arise under any series of controls, but the overwhelming benefit this country obtained from price control was undeniable.

In 1948 the High Court decided that the defence powers did not enable the Commonwealth to continue price control. Price controls were consequently of extremely doubtful constitutional validity, and when the prices referendum was defeated the Government removed price control and ended subsidies because, of course, these could no longer be held to be valid under the defence powers. It was alleged by the Premier of this State, by certain of his supporters, and by Mr. Menzies, that we had to have price control, but that we would have effective price control under State legislation. With great respect, that of course, could not possibly happen. Under section 92 of the Commonwealth Constitution this Government cannot control the price of goods coming across our State border. The High Court decided in *McArthur v. Queensland* in 1920 that the Queensland Profiteering Act could not control the price in Queensland of goods brought in by travellers or agents as commodities stipulated to have come from some other State. That Queensland Act could not apply to price control of those goods. Although *McArthur v. Queensland* was disagreed with by the Privy Council in the *James v. the Commonwealth of Australia* cases, the Privy Council's disagreement was on the ground that *McArthur v. Queensland* had held that section 92 did not bind the Commonwealth, but they did not throw any doubt upon the substantial basis of the decision in *McArthur v. Queensland*, which was that the Queensland Profiteering Act could not apply. That is still the ruling on this question.

It is true that constitutionally we can control the profit margin of a retailer of goods in South Australia, but we cannot specifically fix the price of goods coming across the border. Indeed, the Premier made that perfectly clear in his recent replies to the member for Mount Gambier. This State is powerless to control the prices of any goods that have come across the State border. That fact, coupled with the fact that the States cannot effectively subsidize goods coming in from overseas and cushion them to the Australian consumer, means that we cannot have an effective, interlocking series of devices such as existed under Federal price control, and in consequence, despite the existence of State price control, we have seen a fantastic change take place in Australia since Federal price control was lifted. Despite the somewhat blase remarks of Mr. Menzies in 1949, that he was going to put value back into

the pound—which has now become a standing joke in the Australian community—we have seen an inflation since 1948 of over 150 per cent.

Mr. Hambour—You must accept the fact that industrialization under protection must increase living costs in Australia.

Mr. DUNSTAN—I agree that in an expanding economy we will experience an inflationary effect, particularly in an expanding economy with full employment. We must have effective price control which will, in effect, impose both wage control and profit control, so that every section of the Australian community is playing its part.

Mr. Heaslip—And also kill incentive.

Mr. DUNSTAN—Nonsense! Perfectly adequate incentives still remain.

Mr. Millhouse—You as a Labor Party would like to get back to the economic conditions that existed in Australia in 1948-49?

Mr. DUNSTAN—The honourable member is postulating something that cannot possibly take place.

Mr. Millhouse—Thank goodness! But is that what you want?

Mr. DUNSTAN—The honourable member is suggesting that we go back to—

Mr. Millhouse—I am asking you if that is what you are suggesting.

Mr. DUNSTAN—No. Major development has taken place overseas since 1949, and the position is therefore completely different. The situation in the wool market is also completely different.

Mr. Millhouse—The situation in Australia is completely different, and a good deal better.

Mr. DUNSTAN—It is a question of who is better off.

Mr. Millhouse—Everybody.

Mr. DUNSTAN—Nonsense!

Mr. Millhouse—Who is not better off?

Mr. DUNSTAN—The people down at the employment office who, as unemployed single people, are required to exist on less than £3 a week.

Mr. Heaslip—There would only be a few.

Mr. DUNSTAN—I feel certain that the honourable member would not mind how many there were. He does not believe in a full employment economy, but Labor members do. It is these people who are not as well off as they were in 1949 under a full employment economy, and they are a growing number.

Mr. Hambour—The unemployment ratio is greater in New South Wales under a Labor Government than it is here under a Liberal Government. You cannot dispute that.

Mr. DUNSTAN—That may well be so, but the member for Light is arguing on a fallacy. The plain fact of the matter is that State price control cannot be fully effective; the only effective method of price control is Federal control. However, it is my belief that State price control can still do something.

Mr. Millhouse—That is where you disagree with New South Wales?

Mr. DUNSTAN—Yes, and where I agree with the Government of Western Australia. I agree with the Government of South Australia in keeping price control; my only disagreement with the Premier is that he failed to advocate a "Yes" vote in the 1948 referendum which would have been more successful than the introduction of State price control.

Mr. Coumbe—You are supporting the Government on this measure?

Mr. DUNSTAN—Yes. I am voting for the second reading because I think the Bill is better than nothing. I believe that the Premier in this matter is paying far closer attention to liberal principles than is the member for Mitcham, who is ignoring plain economic facts when he says that price control is not beneficial to the community. We cannot have an economy which is run upon the basis of imperfect competition, or monopolistic competition, if we do not have some control over the prices in the market.

Mr. Hambour—Is Mr. Cahill at variance with the Australian Labor Party's policy on this question?

Mr. DUNSTAN—No.

Mr. Hambour—Is he subject to pressure from outside?

Mr. DUNSTAN—No, he considers that price control within New South Wales cannot be effective, and he advocated a return to Federal price control. He desired its reintroduction, and was prepared to facilitate it. He is not at variance with the Labor Party's policy on this subject: It is only a question of how that policy can best be carried out. In South Australia the Labor Party believes that price control here is of some benefit, although it does not do all we would wish. We believe that only under a centralized policy of price control, allied to other devices, such as budgetary planning and careful fiduciary control, can we have an effectively planned economy. I have much pleasure in casting my vote on this matter for liberalism.

Mr. RALSTON secured the adjournment of the debate.

ADJOURNMENT.

At 9.25 p.m. the House adjourned until Thursday, October 23, at 2 p.m.