

HOUSE OF ASSEMBLY.

Wednesday, October 29, 1958.

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

QUESTIONS.**LAND SALES TO MIGRANTS.**

Mr. GEOFFREY CLARKE—Following on a question I asked yesterday about approval for migrants to buy land, can the Minister of Lands say how many requests have been made for approval, what proportion are disallowed and what number are deferred?

The Hon. C. S. HINCKS—Applications for land by new Australian under the Law of Property Act up to the present total 33,646, of which 32,426 were approved; 169 declined; 112 deferred; 415 withdrawn; 265 lapsed; and 259 are under consideration. The Lands Department is still dealing with an average of 300 applications a month.

OPAL DISCOVERY BY ABORIGINES.

Mr. LOVEDAY—In today's *Advertiser* appears a statement concerning a large specimen of opal taken to America and valued at £84,000. I understand that it was found by three aborigines at Andamooka. Will the Minister of Works have inquiries made through the Aborigines Department to ascertain what the aborigines received for that opal? The Aborigines Department has a representative on the field and it would be extremely interesting to know whether aborigines are receiving fair value for the opals they find.

The Hon. G. G. PEARSON—I will have inquiries made.

CLARENDON MAIN STREET.

Mr. SHANNON—As a result of representations I made some time ago a survey is being made of the main street through Clarendon. I was in that town recently and the residents are anxious to know when the surveying will be completed and the new water table formed. The present water table in winter washes out the shoulders of the road, causing considerable inconvenience and danger to the public. Will the Minister ascertain the position from the Minister of Roads?

The Hon. G. G. PEARSON—I will refer the question to my colleague.

RESERVOIR CAPACITIES.

Mr. LAUCKE—Every intake of water into the South Para Reservoir represents a decrease in the cost of water because there will be less

pumping from the Murray. Can the Minister of Works indicate the present quantity of water in that reservoir?

The Hon. G. G. PEARSON—This morning I asked for the latest figures on reservoir storages and I am pleased to state that South Para is now holding 6,000,000,000 gallons. As the honourable member said, this has an important bearing on the quantity of water that would be required to be pumped from the Mannum-Adelaide main in a long, dry summer. The Public Works Committee has now reported favourably on a project to more adequately link the South Para reservoir with the metropolitan system and this will have a beneficial effect on the State's finances by saving on pumping costs. I know the member for Rocky River (Mr. Heaslip) would be interested to know that the storages in northern reservoirs are most satisfactory. Beetaloo is holding 426,000,000 gallons; Bundaleer, 1,263,000,000 (almost full); Baroota, 1,230,000,000 (almost full); and Tod River, 1,851,000,000 (three-quarters full). Generally speaking, country reservoirs are approaching capacity. The total capacity of what are termed metropolitan reservoirs is 14,000,000,000 gallons and they are holding slightly more than that: they are over full. The country reservoirs as a group have a capacity of 18,000,000,000 gallons and are holding 12,466,000,000 gallons.

APPRENTICES ACT AMENDMENT BILL.

Adjourned debate on second reading.

(Continued from October 22. Page 1343.)

Mr. O'HALLORAN (Leader of the Opposition)—The Trades and Labor Council, which asked me to sponsor this Bill, has agreed to the Premier's suggestion that it and all relevant matters be referred to the Apprentices Advisory Board, and I therefore ask that this Order of the Day be read and discharged.

Read and discharged.

HIRE-PURCHASE AGREEMENTS ACT AMENDMENT BILL.

Adjourned debate on second reading.

(Continued from October 22. Page 1352.)

Mr. LAUCKE (Barossa)—I do not think the Bill would make any real contribution towards solving the vast and complex problem of hire-purchase. On the contrary, it would throw a number of spanners in the works of the hire-purchase system. I do not like the idea of fixing the accommodation charge as a

flat percentage, being the overdraft interest rate, plus 2, as I believe this would result in a flat rate of 8 per cent being charged, and that would give an effective rate of 15.9 per cent. If we make an arbitrary ruling on the rate to be charged the maximum figure usually becomes the minimum, and the returns to the hire-purchase companies would be higher in certain sections of their business under this Bill than at present. The present rate on new motor vehicles and farm machinery is 6 per cent flat, so the 8 per cent maximum suggested would have a direct impact on that business, which enables farmers to obtain machinery on time payment.

Whether one likes it or not, the hire-purchase system has become an integral part of our economy and is here to stay. It has much to commend it if the commitment is entered into by the purchaser for a requirement used in the production of income or for some durable home asset which could not be obtained under any other form of finance or through normal savings. Its use is to be deplored for the purchase of unnecessary luxuries beyond the reasonable ability of the purchaser to afford. I believe one of the greatest causes of unhappiness in our time is the stupid endeavour to live beyond one's means and enter into unnecessary commitments that are encouraged by the initial ease of gaining possession of a given commodity through hire-purchase, and this is a dangerous thing. However, the growth of hire-purchase, which has been phenomenal in the last 10 years is the result of the demand for it.

Mr. Lawn—It that so?

Mr. LAUCKE—Nobody has to enter into an agreement except of his own volition.

Mr. Lawn—It is not done voluntarily.

Mr. LAUCKE—A man has no need to enter into an agreement if he does not desire to purchase goods. The growth of this system is indicated by the fact that Australians took out 1,203,797 hire-purchase agreements in the year ended June 30 last. The goods were valued at £356,810,000 and involved £235,170,000 of hire-purchase finance. This compares with 1,029,033 agreements for goods valued at £292,661,000, of which £188,668,000 was financed through hire-purchase, in the year ended June 1957. This represents an increase in one year of hire-purchase finance of £46,500,000. The upward trend is continuing, according to the latest figures, for preliminary estimates showed that 104,123 agreements were

entered into in July for goods valued at £31,750,000 involving £20,870,000 of hire-purchase finance.

Hire-purchase finance went mostly into household and personal goods, involving £67,779,000, and motor vehicles and tractors £157,184,000. The household and personal goods covered 823,000 agreements, and motor vehicles and tractors covered 357,006. These figures indicate how important this system has become in our economy. Major questions arise from a study of these figures. Firstly, are the best interests of the economy being served by the growth of this system? Secondly, should restriction be placed on its further growth? Consideration of the first question immediately brings into the limelight the fact that our financial structure is being radically changed and that as a nation we are living very near to our income.

I have no intention of dealing with the technicalities of hire-purchase or setting myself up as an authority to advise hire-purchase companies how to run their own complex businesses, but I am deeply concerned at the effects which the rapidly growing hire-purchase system is having on our banking system and the ability of banking institutions to maintain their old-established and highly beneficial services to the public, both as regards primary and secondary industry, by way of overdraft facilities at rates of interest which have enabled the country to progress substantially as regards capital works and development generally. I have no doubt that even in my generation we shall see emanating from hire-purchase addiction a complete change in what has hitherto been accepted banking outlook and policy. It will mean dearer money for legitimate national development.

I do not think hire-purchase is here because of the banks, but in spite of them. Much has been said about banks financing hire-purchase companies, but I shall quote statements made by Mr. Alan West in September last in his capacity as chairman of the Associated Banks of South Australia. Banks are not assisting hire-purchase by way of loans to hire-purchase organizations to any great extent. Mr. West said:—

It is quite untrue to say that hire-purchase companies are mainly financed by bank borrowings. Out of the £293,000,000 owing to hire-purchase companies at June 30 last, well over £50,000,000 was provided from their own capital funds, and more than 90 per cent of the remainder almost wholly by borrowings from the general public. On the latest figures available, bank advances in Australia totalled over £850,000,000, but advances to financial

institutions, of which hire-purchase companies form only part, amounted to only £30,800,000, or considerably less than 4 per cent.

Examinations of the balance-sheets of the major hire-purchase companies show that far from relying on borrowing from the banks they maintain, in practically every instance, considerable credit balances at their bankers. This is in keeping with banking policy of reducing advances to hire-purchase companies and requiring them to seek their funds from public sources. Misrepresentations are constantly being made that, by lending for hire-purchase, banks are unable to meet the reasonable requirements of farmers and other sections of the community. The above figures surely show that this also is completely false. Banks have taken an interest in hire-purchase companies to provide time payment facilities for both manufacturing and consumer customers. Such investments have been made from shareholders' funds and to say the least of it represents a very desirable and progressive development in Australia's economy. They are in no way detrimental to their customers or the public.

This statement is worthy of note because it gives a firm reply to those of us who thought, and honestly so at times, that the banks were reducing the amount of money available for developmental purposes and diverting it to the hire-purchase business. Members will note that of the £850,000,000 only 4 per cent went to hire-purchase companies, but the banks are entering the hire-purchase field with new capital obtained from shareholders. Later I shall refer to the effect of this new capital-seeking, but the hire-purchase and banking systems will have to come to a common level. There will have to be a levelling out process, as it were, to enable both systems to operate harmoniously and effectively, having regard to the risks involved, security available and costs of capital. Then, two questions arise. Firstly, what is it fair to expect from the banks? and secondly, what is it fair to expect from the hire-purchase companies? On the banking side, money is available at 6 per cent overdraft charge on a day to day balance at simple interest. The banks pay for money they receive on fixed deposit at $2\frac{1}{4}$ per cent for three months, $2\frac{1}{2}$ per cent for six months, $2\frac{3}{4}$ per cent for 12 months and $3\frac{1}{2}$ per cent for 24 months. I cannot see that the banks can expect to continue to lend money at 6 per cent whilst they obtain their capital at the cheap rate of $2\frac{1}{4}$ per cent.

In the demand for money generally interest rates will rise and the impact of these interest rates on hire purchase business is a bad thing, although I acknowledge that money invested is entitled to a return and that savings should be encouraged by high interest rates. I was

pleased to read yesterday in the press that the Savings Bank of South Australia intends to increase interest rates on deposits. Money is becoming dearer. Continually we see advertisements seeking money. The hire-purchase people will offer $6\frac{1}{2}$ per cent for 10 years, 6 per cent for five years, $5\frac{1}{2}$ per cent for four years and $5\frac{1}{4}$ per cent for three years. We see increases in the interest rates applicable to Commonwealth loans. There is a return of £4 3s. 3d. per cent on bonds maturing in 1960, and £5 per cent on bonds maturing in 1974. The whole trend is for dearer money. I wonder what effect there would be following on the intrusion into hire-purchase inner workings of the complex series of amendments in the Bill. I cannot see much good coming from that. In hire-purchase I would like to see two things happen. Having in mind the overall picture and the availability and source of finance, I would like to see a 10 per cent deposit on every hire-purchase transaction which, to a degree, would be a curb on rather irresponsible entry into obligations. If this 10 per cent were enforced I feel that on reflection many goods would not be purchased.

Mr. Lawn—Why not support the second reading and move for that in Committee?

Mr. LAUCKE—This Bill is so complex that I do not know where to start. I would also like to see charges under hire-purchase compounded on a maximum period of 12 months so as to give a benefit for the reduction of the indebtedness over the year. I do not want to see the interest rate carried to the end of the third year on the amount borrowed in the first instance. Capital should not be loaded in this way. There should be a yearly balance in the hire-purchase set-up to give the purchaser the benefit of any decrease in the amount of money borrowed. The interest would be charged on the amount owing at the end of the year. Viewing the Bill overall its provisions are not clearly enough defined to enable me to support them, although a few contain some virtue. The major requirements in hire-purchase business are a 10 per cent deposit and a compounding over a period of not more than 12 months. Interest rates will rise but competition amongst the lending institutions will bring them into line.

Mr. Lawn—Is there not free competition now?

Mr. LAUCKE—Yes.

Mr. Lawn—But interest rates are rising.

Mr. LAUCKE—Yes. They rise all the time but competition between the hire-purchase

companies will tend to reduce them in that business.

Mr. Lawn—We have not seen any evidence of it.

Mr. LAUCKE—It will come when the money is made available. I oppose the Bill.

Mr. JOHN CLARK (Gawler)—I support the Bill. For time time, I have been concerned and perturbed regarding the activities of hire purchase companies. In my area, perhaps more than in any other, there are thousands of people who have come to Australia to make a home and naturally, after meeting the expense of their journey to Australia, are without ready cash. When they have to furnish a home they resort to hire-purchase, which naturally costs them much money. Although this is a possibility that none of us wants, the thought has often run through my mind that if unfortunately a recession were to come to this country it would have a grave effect on people buying goods under hire-purchase. For that reason, if for no other, I support a measure such as this that aims, shall we say, at tightening up hire-purchase.

This has been a peculiar debate. I shall not refer to what has been said by members on this side, only to what some members opposite have said. We have heard from the Premier and the member for Mitcham (Mr. Millhouse), and what they did in the main was to damn the Bill with no praise and with even less valid argument. The member for Light (Mr. Hambour) made an interesting speech, and although he found himself unable to support the Bill, he showed more than any other speaker his obvious distaste of hire-purchase. We also heard from the member for Ridley (Mr. Stott), who is not a member of my party, and whether we agree with him or not, we must agree that he put a strong case for some investigation into hire-purchase. This afternoon we heard the member for Barossa (Mr. Laucke) who, despite the fact that he cannot support our Bill, said that he is not happy about certain aspects of hire-purchase. He said it is a complex problem, which of course it is. I admit that he did not follow the pattern of the Premier and Mr. Millhouse and attempt simply to use ridicule instead of argument. As a matter of fact, I doubt whether ridicule is something he has in his armoury, but that appeared to be the only weapon used by the Premier and Mr. Millhouse, and it can never be an effective weapon in any debate.

We have no desire to wipe out hire-purchase, because we realize its value if properly used.

We simply want to tidy it up so that the possibility of exploitation is reduced to a minimum, and we want to protect purchasers from the few unscrupulous hire-purchase firms, who want business at all costs. We maintain that this Bill would inevitably maintain the standard and the business, and I know Mr. Millhouse will agree with the latter, because he wants to help business. When introducing the Bill the Leader said its main purpose was to protect hirers from exploitation. Later, he said:—

I believe it will not unduly impede hire-purchase business as we know it today, which is of great value to the community; rather, it will regularize it, make it more stable and more permanent and thus of greater benefit to the community, and ensure that it will operate without the exploitation that is characteristic of it in some respects today.

I ask the House to notice the words "in some respects." The Premier and Mr. Millhouse appear to think that hire-purchase as now carried on is absolutely perfect, yet strangely enough their colleagues across the border, people who I believe espouse the same principles as they, similar principles to those the Premier was kind enough to read out the other night, have found it necessary to introduce hire-purchase legislation. What makes this particularly interesting is that there are Bills now before each House of Parliament in Victoria dealing with hire-purchase, one introduced by the Liberal Government and the other by the Labor Opposition. If members go to the trouble of reading the Bills they will find that the Government has felt it necessary to introduce a Bill to regularize the position there, so they have one thing in common. That is about the only similarity between the Bills, however. When introducing the measure in the Victorian House of Assembly, the Attorney-General (Mr. Rylah) made it obvious that a great deal of concern was felt about hire-purchase. It may be said that hire-purchase in that State is a different brand from that operating here, but I know that that is not so, because to a great extent the firms operating there also operate here. There is a Liberal Government in that State headed by Mr. Bolte, and we all know it takes a great deal to make a Liberal Government move on anything that might hinder profits. Probably Mr. Millhouse thinks it is wicked to do so. However, apparently some impetus that is lacking here has been given to the Government to introduce the legislation, and apparently it is good legislation, because the Victorian Government said it was. If members read Mr. Rylah's second reading

speech they might almost believe that it was a measure introduced by a Labor Government, because the points he made were matters with which my colleagues agree. However, if members read the speech they will realize that he went out of his way to stress the points that might appeal to the Opposition. A close examination of the Bill reveals that it is not as good as one would expect from the second reading speech. Mr. Rylah said:—

It is a land mark in the history of the law relating to hire-purchase in Victoria. The promise has been fulfilled that the Government would examine the anomalies in hire-purchase and that it would introduce legislation to rectify them.

Apparently there are no anomalies in South Australian hire-purchase because we have been told by the Premier and Mr. Millhouse that it is almost perfect. Mr. Rylah also said:—

If this Government was concerned only with persons who had large credits in their banking accounts, which is not the case, there would probably be no need for legislation concerning hire-purchase.

That is really a shocking admission because it admits that if the Government were only concerned with people with large credits there would be nothing wrong with hire-purchase. If that is correct, and if South Australian hire-purchase is similar to Victorian hire-purchase, we must presume that the South Australian Government is concerned only with persons who have large credits in their banking accounts. I think Mr. Millhouse proved that while he was attempting to prove that this was class legislation. He suggested that we sought to damage hire-purchase. Mr. Rylah also said:—

There is no doubt that undesirable practices are indulged in by some sections of hire-purchase.

When a Liberal Government admits that there can be no doubt about it. Mr. Rylah continued:—

It is the purpose of this Bill to protect the people of Victoria from these abuses.

That is obviously what we are seeking to do in this Bill. According to the Premier and his very junior lieutenant the people of South Australia do not deserve or need such protection. However, we believe they do because South Australians are just as vulnerable as their Victorian counterparts to the same type of abuses. We agree with Mr. Rylah that undesirable practices are indulged in and that is why we have introduced this legislation. Mr.

Rylah continued with this illuminating comment:—

The freedom of the hirer to avail himself of the rights offered by any reputable insurer is established.

We seek to obtain this in our Bill but we have been told that it is absurd and impracticable and would only be a hindrance to business. Mr. Rylah said:—

It is felt that this provision will dispose of allegations that the insurance premiums exacted in connection with hire-purchase agreements are excessive or that secret commissions are derived by the finance companies and dealers out of the insurance transactions associated with hire-purchase. This clause will ensure that free competition which generally exists in the insurance field will operate to the full in connection with the insurance associated with hire-purchase.

It can be said that Mr. Rylah made an attempt to tie up the Liberal principles of free competition with the legislation he propounded. Our Premier went to some pains to show how unfair such a scheme would be to the hire-purchase companies. We must consider that in South Australia insurance companies have no right to compete for such business. I am reminded of what Mr. Millhouse said recently in another debate. His remarks are worth quoting because they rather contradict his attitude on this legislation. He said:—

Furthermore it penalizes one section of the commercial community in this case purportedly for the benefit of the whole community.

Obviously he stands for free competition, but he does not in this particular case because in what was probably the most biased speech we have heard for years he said:—

Many hire-purchase companies, as is common knowledge, have insurance companies affiliated with them and they direct all their work through those insurance companies.

For once he was completely correct, because that is the position and is one of the matters we seek to limit in this field. The Victorian legislation also seeks to stop it, and we must realize that the Victorian Government would be well known as a group of apostles of free enterprise. Mr. Rylah also said:—

The question of protecting the community from excessive charges has not been neglected. By clause 4 every hire-purchase agreement is required to be in writing and the agreement is required to set out in tabular form all the matters which go to make up the amounts payable under the agreement: the cash price; the deposit shown separately; the amount paid in cash; the amount allowed by way of trade-in; the amount paid for insurance; the amount charged for maintenance; the commission charged for terms and any other charges that are made.

Those matters had to be clearly and separately shown. The total amount the hirer would have to pay by reason of acquiring the goods also had to be shown. That sounds rather like our legislation, in which most members of the Government can see no virtue. We must consider whether their Victorian counterparts are not closer to real Liberalism. One wonders whether the petty platitudes the Premier regaled Mr. Millhouse with recently are honoured in the breach or in the observance. It is hard to credit that some of the legislation that is supposed to be in the Victorian Bill comes from a Liberal Government. After he praised most hire-purchase companies, Mr. Rylah made this sweeping statement:—

There is a fringe of the industry which is guilty of the malpractices of which we have heard so much. It is the hope of the Government that the provisions of this Bill, reinforced by the vigilance of the public (whatever that may mean), will drive this fringe out of business. Those that batten unmercifully on the public, those that seek unconscionable profits and take advantage of every legal technicality can look for no mercy from the Government.

Mr. Frank Walsh—That means an end to exploitation.

Mr. JOHN CLARK—Yes. Those were powerful words; in fact, they do not sound like words coming from a member of a Conservative Government. I can imagine the member for Mitcham (Mr. Millhouse) foaming at the mouth with horror and disgust at this gross invasion by the Victorian Government into the rights of the private investor to get his pound of flesh at any cost, but that is what is done under the Victorian Bill.

Mr. O'Halloran—By one of our near neighbours.

Mr. JOHN CLARK—Yes, and we may be at a loss to account for this sudden acquisition of a conscience by that Government. It is hard to find the answer for it, but I think it is supplied in part by the first paragraph of a Bill on hire-purchase which has been introduced by the Opposition in the Legislative Council in Victoria. Apparently the Opposition in that State also desires to make hire-purchase respectable. I think the opening remarks of the Hon. J. W. Galbally, when introducing Labor's Bill in the Legislative Council, let the cat out of the bag regarding the Government's legislation. He said:—

The purpose of this Bill is to amend the law relating to hire-purchase. Actually it is part of the control that Western civilization has exercised for nearly 2,000 years over money-lenders, and whatever high-sounding names the

hire-purchase financiers give themselves their business is in truth and fact a form of money lending. It is recognized as a money lending business by the community, but this Government has consistently refused to control hire-purchase in any way, and in fact the Government's Bill which has been introduced in the Assembly to deal with hire-purchase has been brought forward as a result of public alarm and dismay.

Apparently the Victorian Government is not deaf to the sounds of public alarm and dismay.

Mr. Corcoran—The people there must be wide awake.

Mr. JOHN CLARK—Yes, and Mr. Galbally's statements explained why in this case we are getting un-Liberal legislation from a Liberal Government. In other words, the Government in Victoria is scared. I was interested in Mr. Galbally's remarks about money lending and usury. In the early Christian period, and in medieval times, too, Christians were forbidden to charge interest, otherwise they could not receive the sacraments of the church. For that reason the money lending business passed into the hands of the Jews, who were not Christians.

I shall now turn to the remarks of the member for Light (Mr. Hambour). I commend him for his sensible and businesslike approach to this subject. He made it obvious that he did not like the present system, but unfortunately he could not find it in his heart to like the Bill either. However, he did not criticize blindly, but put forward reasonable suggestions for improving the position. I do not think he will mind my saying that he knows the difficulties of this matter. His mind has not been warped by being born with a silver spoon in his mouth; in fact, he was not born with a silver spoon in his mouth. Unfortunately, we sometimes come in contact with people whose whole attitude to various matters has been warped for that reason. Both he and the member for Barossa (Mr. Laucke) referred to the part played by banks in hire-purchase. The member for Light said:—

I believe the banks have dissociated themselves from hire-purchase business except that they operate completely separate undertakings.

I think the member for Barossa said this afternoon that the banking system has not assisted hire-purchase to any great extent. He also quoted from statements made by Mr. West that the banks had taken an interest in hire-purchase companies, but that is putting it mildly. I

shall now quote from a publication with a wide circulation. It is the *Australian Catholic Worker*, and it is read by many protestants as well as catholics because it gives informative and accurate reports on political and economic matters. One article states:—

For some time now spokesmen for the big Australian trading banks have been endeavouring to soft pedal their interest in hire-purchase companies.

This afternoon the member for Barossa quoted a statement that proved that. The article continues:—

Up to date they have fooled no-one but themselves. Last year the top three hire-purchase companies earned profits of between 13 per cent and 21 per cent. Since 1953 the amount owing on hire-purchase has risen from £88,000,000 to nearly £300,000,000. Here are the interests which the big Australian banks have in hire-purchase companies:—

Bank.	Hire-Purchase Co.	Shares held. Per cent.
New South Wales	Australian Guarantee Corporation ..	40
National	Custom Credit	40
Commercial of Sydney	C.G.A.	40
Commercial Australia	General Credits	45
A.N.Z.	I.A.C.	14
Adelaide	Finance Corporation of Australia ..	40

The remaining bank, E.S. & A., has a fully owned hire-purchase subsidiary, Esanda Ltd. In addition the Commonwealth Bank conducts hire-purchase through an industrial finance section. The hire-purchase companies have followed faithfully in the footsteps of their predecessors, the trading banks.

The member for Mitcham will entirely endorse this next remark:—

Men may come and men may go, but profit goes on for ever. One of the extraordinary features of the Australian scene is, of course, the lack of opposition to the growth of finance capitalism. All of our energies seem to be concentrated in fighting Communism; meanwhile, the older enemy of the people and just as bad, because both are based on materialism, goes on apace.

That journal is always reliable in regard to figures it supplies to its readers and I therefore have no doubt that the figures in the article are correct. We see that the banks have taken an interest in the hire-purchase business. Apart from one matter, Mr. Hambour gave during this debate probably the most frank and outspoken speech on hire-purchase. I applaud him for saying what he did, because it is not what one would expect from a member on the other side. He said:—

I do not like any part of hire-purchase, but I am honest enough to admit that it is part of our way of life and we have to put up with it.

The Opposition believes that it can be made a lot easier to put up with, and that is why the Bill has been introduced. In this one instance, at least, Mr. Hambour made it plain that he does not regard it as his duty to represent only one section of his constituents. We could not draw that implication from the remarks by Mr. Millhouse. It is unfortunate that in his recent speeches in this place he has not con-

firmed the high hopes that many of us had of him when he came here. The other day Mr. Frank Walsh was rather caustic regarding some of his remarks. Mr. Walsh accused him of having a one-track mind. I cannot completely agree with that, because Mr. Walsh should have added that not only was it a one-track mind, but a narrow mind that was running downhill rapidly. It is unfortunate that in discussing several pieces of legislation recently, including landlord and tenant and price control legislation, the honourable member has made it manifest that, while foolishly and without any real evidence accusing the Opposition of class legislation, he was constitutionally incapable of representing any other interests than those of private finance. Many members are beginning to regard him as a pathetic example of the silver spoon. I do not say it is his fault, or the fault of anyone, if he was born with a silver spoon in his mouth.

Mr. O'Halloran—It is his misfortune.

Mr. JOHN CLARK—Yes. Other members, and I do not refer to members on this side, are slightly more kind than he is. Many of them have been able to rise above the effects of having been born with a silver spoon in their mouths. Some may not have wanted for anything in life, but that has not blinded them to the fact that there is possibly another viewpoint than their own, even if they are not able to agree with it. Some members in this Chamber may consider that there is only one point of view, but most members are at least capable of seeing two points of view, even if they can only agree with one. Most members are capable, also, of seeing sometimes that there may be a logical compromise, but I fear that, for one reason or another, Mr. Millhouse has missed

out on this particular attribute; he can see only one point of view.

Earlier in this debate—I think in reply to an interjection—he said, “Whatever anyone else may do, I do not agree with it.” We must give him credit for being a supreme introvert. Mentally and emotionally we should pity him for not being able to see more than one side. Possibly he has never needed the benefits of hire-purchase, but that should not make it impossible for him to imagine the thoughts, anxieties and feelings of the possibly inferior class who are forced to use hire-purchase. I am afraid he realizes only too well the thoughts and feelings of those who collect dividends from it. In reply to a possibly unkind interjection, he referred to the fact that I had been a schoolmaster. That does not annoy me, because I am proud of it. Being a schoolmaster is like being a member of Parliament, because it at least provides a man with a liberal education. If I did not learn anything else from schoolteaching my many years in that vocation taught me patience and tolerance towards childish errors.

The Hon. D. N. Brookman—What about personal remarks?

Mr. JOHN CLARK—If a member makes a personal and unwarranted attack on a gentleman who is held in the highest regard by all of us, then that gentleman should act in accordance with a statement made more than once by a former Speaker (Sir Robert Nicholls), who said that if any member does such things he seeks reprisals.

I learned when teaching that the time comes when childish errors, if continued, should be checked. Often it is a simple matter to do that. Sometimes it may be a cautioning word, but if the error is accidental or due to ignorance or thoughtlessness a quick smack and “Don’t do that again” might be enough. That sort of treatment has been offered long enough in this place. In the past I thought that it might be the best treatment for misbehaviour caused by immaturity and lack of thought, but when the immaturity is allied to wilful nastiness and a tendency to bite the hand of someone wiser and older who is endeavouring to point out a matter that needs correction, the time has come for something more than chastisement. A fortnight ago Mr. Millhouse, at the conclusion of his harangue on hire-purchase, was guilty of deliberate and studied insults to the Leader of the Opposition. His remarks were completely uncalled for and deserved only the contempt of other members,

but if there are some members who did not have that contempt then the member for Mitcham can have them. Mr. O’Halloran was not born with a silver spoon in his mouth. His character and attributes were shaped largely because he was not born that way. There is no one better than the Leader of the Opposition at defending himself, or giving Mr. Millhouse his deserts.

Mr. Jennings—You would think it would be beneath his dignity to do such things.

Mr. JOHN CLARK—I do not think it is, but it is not part of the nature of the Leader of the Opposition to administer punishment to juveniles, although I do not think some of his colleagues have the same inhibitions. I believe Mr. Millhouse should be down on his knees in this matter, not apologizing to the Leader of the Opposition or presenting his body to be smacked for his remarks, but offering up thanks for being privileged to serve in a Parliament with a man like the Leader of the Opposition. I grant that he has every right to criticize if he can base that criticism on something else than his blind egotism and Conservatism. He should realize that these characteristics are not arguments at all. We expect him to be on the side of the money changers, and he has every right to choose which side he shall be on, but unless he can prove his words he has no right to reflect on the ability of the Leader of the Opposition, the man who ought to be Premier, and who shortly will be Premier. My remarks have been made in all kindness, as it is never too late to learn, so I point out to the honourable member that his remarks were bad politics; because anyone who knows the Leader, either as friend or opponent, and who reads those remarks will firstly be annoyed that anyone could say such things, and then probably be hostile. Afterwards they will probably be amused by the presumption of one who so recently learnt to flap his wings and crow. For these reasons perhaps it would have been wiser for me to ignore his remarks, but we on this side, like most members of this Chamber, have a high regard for the Leader and resent the honourable member’s remarks. We are fully prepared to accept all sorts of personalities in debate, but not studied insults. In conclusion I shall quote two lines from a great poet for the benefit of the member for Mitcham. Probably he has heard of Wordsworth, who should appeal particularly to him, because when Wordsworth was good he was

wonderful, but when he was bad he was frightful: apparently he had no critical faculties at all. The lines are:—

The world is too much with us; late and soon,
Getting and spending, we lay waste our powers.
I draw his attention to the word "getting." There are other things in life than the pursuit of dividends—such things as seeking the greatest good for the greatest number; and despite the things that have been said about this Bill that is exactly what it seeks. I support the Bill, and ask the House to give it every consideration.

Mr. KING (Chaffey)—I oppose the Bill, and after listening to the unctuous nonsense of the member for Gawler (Mr. John Clark), I hope members opposite will never accuse Liberal members again of wasting time on private members' day. In the first instance it is essential to clear our minds of some misconceptions regarding hire-purchase. Many sins that have been blamed on the hire-purchase system could have been laid at the door of other unscrupulous people only casually associated with it. This subject has been highlighted in recent years and has received prominence out of all proportion to its worth in the scheme of things today. Let us look at the reason for the introduction of this Bill, because I think some fallacious assumptions have been made about it. In the first place, I do not think there has been a public outcry for legislation of this type. I am not saying there has not been an outcry against apparent injustices, but I do not think there has been any public outcry from the very people who use hire-purchase and long-term credit facilities for the control that it is said this measure would exercise over what is, after all, a small portion of the total business done and advertised as being done.

A statement appeared in this morning's *Advertiser* that debts under the hire-purchase system for the whole of Australia amount to £305,000,000. That refers to recognized hire-purchase companies and does not include the same type of business done by retailers which comes within the framework of those retail establishments. The amount of such business is probably £50,000,000 in excess of the advertised figure: that assessment has been made by people better qualified than I to make it, but it could possibly be higher than their estimate. There could be some confusion as to the two ways in which hire-purchase is carried on. One is through the hire-purchase company, almost purely a financial institution

which, by assignment, takes over the property, pays the retailer or the dealer and assumes ownership. Under the other method the retailer delivers the goods to the customer and the property remains with the retailer until the customer has made his last payment. In effect they are both the same, although one is the function of the retail establishment and the other of the financial institution. All the figures published so far have referred only to the amount of business done by the retail establishments.

Another important factor is that this Bill can only be operative in South Australia, so its total effect on hire-purchase business in Australia as a whole will be practically negligible. As it is a State Bill and its operation will be restricted to South Australia, its provisions can easily be avoided by interstate companies. Figures provided by the Commonwealth Statistician show that of the total amount of sales of goods by retail in Australia only 2.27 per cent of electrical goods, hardware and furniture was financed by hire-purchase in 1954, 2.44 per cent in 1955 and 2.4 per cent in 1956, and these are the goods of particular interest to the householder. The total percentage of sales of these goods by this method to all retail sales of similar goods is 13.7 per cent. The portion purchased under hire-purchase is not high enough to warrant the type of controls that have proved in other countries not only to be not useful, but even unpopular to the people concerned.

The average weekly earnings of Australians increased from £8.23 in 1949 to £17.51 in 1958. We have been partly hypnotized by the quoted figure of £350,000,000 in respect of hire-purchase business, but owing to inflation in that 10-year period its real value on 1949 figures is only £175,000,000. We are becoming concerned with inflated values and tending to lose sight of real values. The C series index figure, which was 1,000 in 1939, rose to 2,940 by 1958. It was practically static until 1949, after which it increased to nearly three times the 1939 level. In 1938-1939 nominal wages were 1,044 related to an index figure of 1,000; today they are 3,636. Real wages have increased from 1,015 to 1,237, which shows that we are getting more value from wages than we got in 1939. Because of this we must discount some of the figures causing us some alarm; really they are not so important. Another factor that has tended to confuse the issue is that our population has increased by 1,000,000, or 12½ per cent in about six years.

That is a fairly big increase, and all these additional people have increased earning powers. We should take this into consideration, and instead of being alarmed at the growth of hire-purchase business, be pleased that the country has progressed to the extent shown by statistics. According to statistics relating to hire-purchase in Australia, South Australia has less than 10 per cent of the total. Of the total number of agreements in South Australia 31 per cent, or 40,180, are for motor vehicles; 2 per cent or 1,943, are for plant and machinery and 67 per cent, or 86,553, are for household and personal effects. It is interesting to note that 71 per cent of the finance—£16,000,000—is required for motor vehicles. The amount required for plant and machinery, representing 5 per cent, is a mere £843,000 and the amount required for household goods represents 24 per cent or £5,619,000. I point out that we do not know what household goods and furniture are being sold retail. However, we do know that in the motor selling business most of the finance is being carried by hire-purchase companies. Of the total Australian amount invested in hire-purchase South Australia's share is only 24 per cent.

I have been studying the charges and earnings of hire-purchase companies. In a booklet—*Hire-Purchase in a Free Society*—obtainable from the Parliamentary Library, some interesting facts are recounted. For instance, in the United Kingdom the handling cost for each transaction for 12 months is £3 3s. 2d.; for 18 months, £4 7s. 2d. and for 24 months, £5 11s. 2d. Those charges have nothing to do with taxation, stamp duty or similar charges. It is pointed out that where a number of small items and small payments are involved the handling charges must be higher and this must be considered when the rates for some transactions seem unnecessarily high in comparison with the rates charged on large but simple transactions requiring less book work.

Competition in Australia has actually reduced the rates of interest which have been charged by hire-purchase companies. In October last the hire-purchase companies published that they had reduced their rates on new motor vehicles, one company charging only 5½ per cent. They also reduced their charges on secondhand cars. It is impossible to calculate how much is applied as an accommodation charge in many of the transactions handled by retail stores. Hire-purchase has vexed the minds of economists in all countries for the last 20 years because it is playing an increasingly larger

part in the economics of all countries. There has been a great levelling up and levelling down process accompanied by higher standards of living. In many cases people have been able to avail themselves of the savings of people who have been attracted by the interest rates offered by hire-purchase companies. People have also invested money with retailers who have in this way obtained a lot of money under unsecured debentures and have used it for providing the credit that has been extended to their customers. The rates of interest offered have been most attractive and there has been a far wider distribution of money that otherwise would have been invested in less remunerative propositions.

Today people have much more confidence in long term finance, particularly those living in English-speaking countries. Compared with pre-war days, no-one can say that we have not the wit and ability to face up to any situation that might arise and threaten our economy. I have faith that we can meet any situation when the necessity arises, and the mere fact that people are prepared to engage in long term contracts reveals that they, too, have similar confidence. I believe that the alleged abuses under hire-purchase have been overstated. In *Hire-Purchase in a Free Society* the following comments appear:—

It may be recalled that in 1954 one of the more sensational newspapers threatened to launch a campaign to expose the "great scandal" of hire-purchase. For days it invited readers to provide the evidence on which the exposure was to be based, but in vain. After a fruitless week nothing more was heard of the matter, despite the fact that the vast majority of the readers of the paper would have had some direct experience of hire-purchase.

I think that would be the position today. I believe the interest question has been taken out of its true context and used by those who promulgated this legislation because they thought there might be some political advantage in it. If they got down to tin tacks and examined the position in its proper perspective they would realize that what is taking place in the credit field is a normal development which is taking place in other countries. As a matter of fact our interest rates on various types of commodities are in line with those applying in the United Kingdom and in the United States of America. I have no doubt that the period of evolution we are going through will prove similar to what England has been through in the last few years. England has learnt from experience that hire-purchase is a standard part of its economy and

it has decided that any attempt to regulate it would not meet with popular approval. According to this morning's press the English Government has lifted all restrictions and regulations on hire-purchase business.

Another question which arose during this debate related to deposits on goods. I think it is rather strange that members opposite should, on the one hand, be plumping for small deposits to enable people to buy houses and yet, on this, insisting on large deposits for people wanting goods to put in those houses. If a person can establish his credit-worthiness he can secure goods without any deposit and can pay for them within a reasonable time. There are retailers in Rundle Street who, on the back of their accounts, invite their customers to ask for their terms to be extended for three months if they so desire. If that is not making goods available without any deposit I do not know what it is, and it is a common practice. I think the main objection of the Opposition to goods being available without any deposit is that it enables slick salesmen to indulge in sharp practices. In such instances I think the dictum of *caveat emptor* should apply. If people buy things after they have been warned of the operations of slick salesmen it is their own fault. Mr. Lawn quoted at length from letters he had received from people at Whyalla and Port Augusta who complained of the tactics of salesmen selling wonderful food mixing machines on terms. Those people should have had sufficient strength of mind to have resisted sales talk. No amount of legislation will build character into people. We can legislate to the fullest extent to protect them but if they don't want protection they will help slick salesmen to defy the law. It is not fair to suggest that the hire-purchase companies were responsible in the cases mentioned by Mr. Lawn. I very much doubt whether they would have underwritten some of the contracts, from what I have heard of them.

We should remember that under a true hire-purchase system the goods remain the property of the company and the person who is hiring them does not acquire a title to them until he makes his final payment. That is quite a different thing from a lay-by transaction or buying goods on instalments. The purchase of goods by instalments has been a common practice for many years, and I believe it started in England in about 1700 when furniture was advertised in a newspaper. The advertisement said that arrangements could be made, if necessary, for the purchase of the

furniture by spreading payments over a number of weeks. This appealed to a certain lady, and as a result a system was inaugurated which practically amounts to an Aladdin's Lamp, for goods can be paid for at one's leisure. That was probably the origin of time payment, which has taken many forms since.

Some alternative forms of finance have shown their heads in this State. I should imagine they would be classed under the general heading of hire purchase if one did not examine them deeply. One concerns the motor industry. It is a plan under which a person, even though his car may be under a hire-purchase agreement, can obtain a new engine or a short motor. He has to pay 12½ per cent flat interest on the total cost of the job. The company concerned does not draw up a hire purchase agreement, for it could not do so if one were already in existence, and it bases its transactions on the credit-worthiness of the client. It makes certain inquiries about him, and if it is satisfied he is credit-worthy and capable of meeting his hire purchase instalments as well, it will underwrite the cost of repairs. The garage owner has to contribute another five per cent, which is used for promotional purposes and to cover bad debts and other emergencies. I do not think the garage owner gets that five per cent back, so he probably adds it to the total cost of the repairs.

Under another scheme a person can get a radio set for his motor car or home by renting the set. He does not have to buy it unless he wants to, and he does not enter into a hire-purchase agreement. If he wants to buy it he becomes the owner after paying a certain number of payments as rental, which is regarded as part of the purchase price. That is not a hire-purchase transaction, for the person was merely hiring the set. Perhaps 90 per cent of those who use hire-purchase facilities could go to any of the large retail stores and arrange to buy goods on terms and obtain ownership of the property provided they substantiated their credit-worthiness with the firms concerned. Then there is the method of obtaining goods under the Bills of Sale Act, Stock Mortgages Act, and the Fruit Liens Act. Instruments taken out under those Acts require registration, but I understand that Western Australia is the only State requiring people to register hire purchase agreements. I believe that the growth of hire purchase in Western Australia has been slower than in most other States. Whether that is a result of the obligation to register agreements I do not know, but I doubt whether we should require registration

in South Australia, for it would be onerous and impinge on the natural rights of the privacy of the individual.

I believe that most hire-purchase companies are fairly well organized. There is nothing to stop them from setting up their own organizations to assess the credit-worthiness of their customers. If hire-purchase companies considered that the terms of this Bill or any other regulations were too onerous there would be nothing to stop them from setting up a company in another State and buying goods from the retailer here and then sending them back to South Australia, so probably any Act that we passed here would be thereby vitiated. As far as I am concerned the banks are quite welcome to enter the field of hire-purchase by way of long-term loans. The effect of hire-purchase business is to prove the credit-worthiness of many people, thereby making them far more attractive risks to banks than they would have been some years ago.

My experience has shown that banks are very conservative and slow to make a change of policy in their lending habits. Perhaps they acted with almost indecent haste when they saw the plums hanging on the hire-purchase tree, but they have gone through a change of heart. Thirty or 40 years ago they said that the customer's standing was more important than his security, but nowadays they look at the security first, and if the customer's standing is good enough and he requires money they will lend it to him. Much money is required to service the needs of all Australians, and people who need finance will go outside the banking institutions if necessary. Now that the people have established their credit-worthiness with hire-purchase companies we may find the banks saying, "These people are worth a risk and if we can get 1 per cent over our usual overdraft rate we should lend them money." However, I think most people will do their repeat business with the hire-purchase or finance companies.

Under our present system the biggest injustice, which has caused many people much concern, is the loss of equity that people have suffered under repossession. Most of the finance companies conduct their business on a high standard, but some unscrupulous operators have given this business a bad name, just as some money-lenders did in the past. Some unscrupulous operators seized every opportunity to repossess an article and resold it, probably making a double profit. In the bad old days in England it was generally

accepted that if one failed to meet his obligations under a bill of sale or mortgage the mortgagee could step in and take over a man's assets. However, the courts held later that if a man had a reasonable chance of meeting his commitments he should not lose his equity. Some of the less reputable hire-purchase concerns repossessed goods and left the hirer lamenting. This is a matter which the industry should tidy up.

Last year I saw an advertisement of a crazy sale of repossessed goods that were under hire-purchase agreements. The items were being thrown out at ridiculous prices. The firm concerned has since refrained from advertising that the goods were repossessed. I shall now refer to some clauses in the Bill in an effort to clear the air a little about hire-purchase and credit transactions. I shall not touch on the main provisions of the Bill, for they have been dealt with by other speakers, but I am concerned about subclause (3) of new section 3a. It states:—

In this section "hire-purchase agreement" includes an agreement for the purchase and sale of goods under which deferred payments are to be made by the purchaser and "hirer" includes the purchaser and "owner" includes the seller, parties to such agreement for purchase and sale.

I doubt whether the Leader of the Opposition appreciates the ramifications of that provision. The parent Act contains a clear definition of a hire-purchase agreement, and undoubtedly he wishes to retain that definition. This subclause should not be inserted because I can imagine a number of different types of transactions quite alien to the class of business covered by this provision. I refer to transactions concerning land or houses, and other private transactions which have nothing to do with the type of business about which the Leader of the Opposition is concerned. South Australia does not need this Bill, for we do not have a sufficient volume of hire-purchase business to justify it.

Mr. JENNINGS (Enfield)—I cannot very well reply to the member for Chaffey (Mr. King), for I could not hear what he said. When I told one of my colleagues with keener hearing that I could not hear him, he said, "You are not missing much, anyway." As he always does when speaking on legislation introduced by the Opposition, the Premier said that this Bill does not remedy anything. Of course, that is a matter of opinion; but then he said that the Opposition did not approve of hire-purchase just because it introduced this Bill to remedy the worst features

of hire-purchase. The Opposition believes in hire-purchase. We realize that in a mass production age it is necessary, but that does not mean that we agree with many of the features of hire-purchase. I intended to refer to remarks by Mr. Millhouse but now there is no need for it. I sympathize with his colleagues. The things he said about my Leader were offensive to me, but perhaps not nearly so offensive as they were to Ministers and other members of the Government Party. He said that Mr. O'Halloran was ignorant and then went on to lamentably display his own ignorance.

It is about time we got back to the Bill. We have not heard much about it during the last half hour or so. Mr. Millhouse perhaps made the only attempt to analyse it. He worked out an interesting example by using the formula in the Bill. The only thing wrong with his calculation was that it was wrong. He said:—

... we find that that is an effective percentage of approximately 15.5 p.a. That is what the Leader would give under paragraph (c). That is effective.

It is obvious that the honourable member did not understand the full implication of his calculation. Mr. O'Halloran did not "give" anything under paragraph (c). If Mr. Millhouse were to check his working he would get a figure of 15.36, not 15.5. Perhaps the difference is not important, but it shows that this young gentleman should work out his calculations correctly. He should have had in mind that if the accommodation charge is equivalent to the simple interest for two years at 8 per cent per annum on the net credit price, and if the gross credit price is paid by equal monthly instalments over a period of two years each monthly instalment will be such that if it were a "proportional part" instalment (that is, comprising the same amount of interest and principal), interest would have been charged at the rate of 15.36 per cent per annum. It could also be said that if the accommodation charge were 10 per cent per annum flat for the same period the rate would have been 19.2 per cent per annum. The formulae in the Bill will work things out accurately. We do not need to understand how they have been reached, only to know that they work correctly. I point out that the Bill, described by Mr. Laucke as rather complex, deals with a complex subject. If members would analyse it they would find little wrong with it. Mr. Millhouse worked out an example for us and gave us an incorrect figure

of 15.5 per cent. If he had worked it out properly he would have found that it worked out exactly according to the formula. Mr. Millhouse made some unnecessary workings.

Mr. Millhouse—Mathematical calculations.

Mr. JENNINGS—I stand corrected. The honourable member multiplied by two and divided by two, which was completely and absolutely unnecessary, because he could have got the same result without doing anything. It is obvious that the honourable member got close to the right result, even if it was accidental. He admitted that he was not very good at arithmetic, yet he showed us that he could multiply by two and divide by two and get an answer. Mr. King said the Bill would not have a serious impact upon the Australian economy. That may be so, but we believe that sovereign powers should be reposed in the Commonwealth. It is not our fault that we are living under a Federal system, but the Opposition still believes that some good would come out of this legislation. Reverting to Mr. King, those members who heard a memorable speech from him some time ago will recall his penchant for mixed metaphors, so I will close by saying that what we intend to do is to kindle a spark that will only need watering to make it grow into a flame from which all the fowls of the air may benefit.

Mr. QUIRKE (Burra)—I oppose the Bill, although I am not unsympathetic towards those who obtain goods by hire-purchase. The Commonwealth document *National Income and Expenditure* for the year 1957-58 shows that the value of factory output in that year was £3,763,763,000. That was the price to the wholesalers. If we add the wholesale price, the retail price and the hire-purchase price, the cost of the goods is doubled. For the same year wages and salaries, dividends, etc., income, was £2,899,000,000. Of course, that is not the total income of Australia by any means. It is obvious that the total income of the people was not nearly sufficient to purchase the output of industry. Hire-purchase business proves that. The income of the people has been mortgaged for three years ahead in order to purchase the output of industry. I do not know where it will all finish. It is a national problem and should be handled that way.

Mr. King said that the amount of hire-purchase business in South Australia did not warrant the introduction of the Bill. I think such a statement is unworthy of the honourable member, although the hire-purchase business in South Australia is not as great as in New South Wales the practices are just as infamous

as in the other State. I do not want to obscure the position at all. This national problem should be dealt with on a national basis. One member said that the banks were not connected with hire-purchase to such a degree that they could be held culpable. Mr. Clark produced figures showing the extent to which the banks finance the business. They have not been in it very long. When it was Commonwealth policy to restrict credit advances there was no restriction on hire-purchase. Money that was not available for short term loans and overdrafts was put into the other business and, of course, returned a greater amount. That is one of the reasons why the banks are in business. Another reason why they have gone into the savings bank business in a large way is to collect cash subscriptions. An enormous amount of money comes through in time payment, and if some banks collect it through a subsidiary company and another bank is a savings bank, members can realize how easy it is to collect the money and side-track the Commonwealth provisions relating to the advancement of credit. The advancing of credit has been difficult in the past; it is part of the policy of our finances. We get to a certain peak, and it is then said that that is sufficient, so overdrafts are stopped or lessened. However, hire-purchase goes on; it does not matter whether there is a restriction on overdrafts so long as there is no restriction on hire-purchase. The items bought on hire-purchase are not bought by people eligible for overdrafts but by those whose eligibility comes from their capacity to work and earn salaries or wages. The charge on the wages and salaries of this country through hire-purchase is a terrific impost. It is all very well to say that, after all, 15 per cent does not make very much difference: if a house were purchased at 15 per cent interest over a 30-year period an astronomical figure would be involved. I think everyone agrees that we should have cheap money for housing, but what is cheap money—is it 3½ per cent? If that is cheap, what is the 15 per cent charged on the purchase of a washing machine?

This position cannot be handled by South Australia or any other State acting independently. I am prepared to support any measure that will bring this matter into line on a Commonwealth basis, as the finances of Australia cannot be handled except on a Commonwealth basis. I applaud the intention of the Leader of the Opposition, but he knows my views on this matter very well, and I shall not clutter the issue further by supporting a

measure like this which possibly cannot achieve what he desires, and which will not do anything to the hire-purchase organizations which, if necessary, could withdraw their business from this State. We do not want that, because the finances of Australia today are so wrapped up in hire-purchase that employment in industry is dependent on it. Men manufacturing household commodities and motor cars, for instance, depend on it to keep them in employment. If we tighten finance and reduce the capacity of people to pay for the output of industry the top will quickly blow off this country. It is no use having a clause that articles can be reclaimed, because if all that could be reclaimed were reclaimed there would be so many of them. Perhaps we have reached a position where that may be desirable, because it seems to me that we can never get people in charge prepared to attack this problem at its source, which is where we will have to attack it.

If a man cannot pay cash I do not want to see him further reduced in financial status because of his inability to pay, notwithstanding his capacity and willingness to work. All his life, when buying a house and putting furniture in it, he is the slave of money-lenders. Where we are going to finish with this sort of thing I do not know, but Australia must face up to this problem, not only in this sphere, but in every sphere, because with the burden of debt in this country I fear what might happen in the event of a recession. How are we to make up for losses in prices of lead and wool? The purchasing power in this country must fall by at least the amount we are not getting, and are these the last commodities that will fall in price? Have we made any arrangements to meet this contingency? How is it proposed that we shall meet it? The costs of primary producers have not fallen, yet people parade around at country shows saying, "Prices are down and the bottom has fallen out of the dairy industry, so the only answer is to tighten your belts, reduce your costs and bring down the standard to meet the cost of the commodity." Haven't members heard this dozens of times in recent weeks? The man who produces is the man who has to tighten his belt. Will the people affected by this legislation tighten their belts? The matter is too big to be dealt with in this way, as it is bound up with a vast problem. Although I applaud the sentiments of the Leader, I oppose the measure.

Mr. LOVEDAY (Whyalla)—The cavalier manner in which the measure was treated by

one or two members opposite, compared with the Leader's moderate and careful approach, shows that they gave the Leader's remarks scant attention and respect. He did not put this measure forward as a cure-all; in fact, he said that if the only good it would do was to draw attention to some of the many things in hire-purchase that need attention it would serve a good purpose. We on this side recognize the importance of hire-purchase to this country, particularly in regard to employment, but we certainly do not admit that as it operates now it is a good thing for the consumer or the wage earner generally.

The Premier cavalierly dismissed the Bill, saying it would entirely disrupt hire-purchase business and there was no occasion for it. However, the attention of Governments in every other State has been drawn to the practices prevalent in this business, and they are all taking action. A conference of all State Governments on the matter has been proposed, and the Premier has said that if it is held he will send a representative. That is an admission that there are features that need attention. I think we are exaggerating the importance of hire-purchase in providing full employment. If we think that the economy of Australia will not operate fully without hire-purchase as it is today we are blinding ourselves to many things. It is not many years since we did not have any hire-purchase, but nobody then suggested that it was necessary for full employment. It is a comparatively recent innovation, and surely it is a poor outlook for the community if this extra load of cost has to be placed on consumers to achieve full employment. Has the economy to be permanently dependent on consumers mortgaging their future incomes at high rates of interest? If it is necessary to maintain full production surely we should be seeking other methods of providing those assurances without placing the burden on the shoulders of consumers, who in the main can ill afford that burden. The people who avail themselves of hire-purchase facilities are mainly those least able to afford the extra charges associated with it. Just what is the situation of the economy with regard to hire-purchase? Goods sold under hire-purchase have already been produced but the people who have produced them, who are in most cases synonymous with the consumers, are without the necessary purchasing power to obtain them. The economy has found itself

unable to continue on proper productive lines without overcoming this particular obstacle, so we are mortgaging future incomes to overcome it.

Regarding the importance of hire-purchase for full employment, it is interesting to consider the position in the United States of America, where hire-purchase is carried on to the utmost degree. In that country a credit card system operates under which anyone can get anything from a holiday to a funeral on hire-purchase, and the average American citizen is involved even more deeply in this business than his counterpart in this country; but what do we find? Despite the fact that it has almost reached saturation point, there are at least 5,000,000 unemployed persons in that country, so hire-purchase certainly is not the cure-all for the unemployment situation. I have no doubt that we are approaching a situation in which hire-purchase will no longer continue to take up the slack or provide the answer for giving full employment or nearly full employment. I have emphasized before that I think we should be adopting a more forward attitude instead of dismissing hire-purchase as something that must never be interfered with, or that must continue on its present lines to keep the economy going.

The Member for Chaffey (Mr. King) said that we should not be alarmed at the progress of hire-purchase, but should be pleased. I see nothing to be pleased about the fact that people on lower incomes, in order to acquire various goods which are now regarded as necessities, must pledge their incomes for two or three years in advance. They produce these goods and yet when they come to purchase them have not the wherewithal and have to mortgage their future incomes. What of their feelings of insecurity during the period of repayment? Surely that is worth considering? It is interesting to notice that this Government would not be a party to any form of lottery, and yet it is quite prepared to stand behind hire-purchase which is virtually a lottery because people are taking a chance on whether they can meet their payments over two or three years. They overlook the fact that they may suffer a long and serious injury or some other misfortune which may render them incapable of meeting their commitments and of having their goods repossessed.

Mr. King said that people are entering into these commitments simply because they have confidence in the country's future. What an

explanation! People are entering into these commitments simply because they have no other means of securing the goods they desire and need to make their lives more comfortable. He also referred to our strange attitude on the question of finance. He compared our attitude on housing with our attitude on hire-purchase. Our attitude, of course, is different. Houses are a basic need.

Mr. O'Halloran—They are not as perishable as consumer goods.

Mr. LOVEDAY—They are a solid asset. Every person should be able to get a house on the simplest and easiest terms because a house is not only important to him but to the nation's economy. We believe every facility should be placed in his way to enable him to get a house easily. Nevertheless, even with those facilities the wage earner today finds it increasingly difficult to purchase a home. There is a definite and justifiable distinction between providing easy finance for the purchase of a home and providing finance for many of the goods procured under hire-purchase. The participation of banks in hire-purchase has been mentioned in this debate. The member for Barossa (Mr. Laucke) quoted from a statement by the chairman of the Associated Banks that the banks have not been primarily responsible for financing hire-purchase companies. I have a copy of that statement and while that may be true, I have no doubt that it is a fair premise that they have taken shares in these companies and the companies, in their reports, have admitted that their success has been largely contributed to by the fact that the trading banks stood behind them and made available many facilities to them. Custom Credit Corporation, for example, in its report emphasized that particular aspect and there is not the slightest doubt that the support of the trading banks has been largely responsible for the tremendous and highly profitable growth of these leading hire-purchase companies. We cannot absolve the trading banks from participation in this form of finance. They have realized it has profit opportunities and have availed themselves to the utmost of it.

This afternoon it has been said that one of the reasons for the expansion of credit facilities has been a different attitude on the part of banks towards lending, generally because they do not consider risks from quite the same angle. If that is true, surely there is every reason to reduce the charges applying under hire-purchase agreements. I do not think it can be maintained that there is much risk associated with this form of business. In fact,

that point was emphasized when firms started to make "no deposit" arrangements. At the time the firms were criticized for what was termed an unsound form of business, but they promptly pointed out that in their experience with "no deposit finance" there was virtually no risk. They were trying to justify their action, but in so doing made it quite plain that there was very little risk in hire-purchase business. If that is the position there is every reason for lowering the charges applying in that type of business. We want to remove the excessive costs imposed on consumers and to prevent hirers getting into difficulties through signing documents they do not properly understand. The question really is whether or not these aims are desirable in the community. Great emphasis has been laid on the alleged complexities of this Bill. I wonder how sincere are those protestations. Only yesterday this House was debating the Landlord and Tenant Act and I did not notice any member protesting about the complexities of that Bill. It was quite obvious that the clauses of that Bill were far more complex than those contained in this legislation.

In this Bill we propose that all hire-purchase agreements should be signed by both the hirer and his wife. Mr. Lawn supplied information concerning the activities of a firm selling food mixers in Port Augusta, Whyalla and elsewhere. I came across a classic example of the methods of this particular firm which demonstrates how necessary it is that agreements should be signed by the hirer and his wife. In this case a representative of the firm called on the wife when the husband was away and induced the lady to buy a food mixer although the husband already had quite a good one of another brand. The salesman persuaded the lady to allow him to take away the husband's mixer as a deposit on the new food mixer. When the husband returned he was extremely indignant and immediately wrote to the company pointing out that he had no desire that his wife should enter into this agreement, and stating that he was quite satisfied with his own mixer. He requested that his mixer be returned and he packed the new mixer and sent it back to the company. He received a reply to the effect that his own food mixer had already been sold and could not be returned and that the company had no intention of releasing his wife from her commitment. He asked for my assistance and sought legal advice from a friend in Adelaide and pressure was put on the company. His food mixer, which had allegedly been sold, miraculously reappeared and

after some correspondence was returned to him. However, the company is still trying to get payments from his wife and is pressing her for them. I do not think it will ever get them.

Mr. Millhouse—That could all have happened whether or not there had been any element of hire-purchase in the transaction.

Mr. LOVEDAY—The point I make is that if the husband and wife had had to sign that agreement the sale would never have gone through. There is not the slightest doubt that the sale was made simply through high pressure salesmanship to a person who did not understand what she was committing herself to. The same representative made a slick deal with two new Australians. They agreed to purchase a food mixer and after they signed the necessary documents discovered to their dismay that they were liable for far heavier payments than they had been led to believe. They were most concerned, not only because of that, but because the article was not up to specification and it developed trouble within two or three days. It is quite obvious that the operations of some companies need checking. The signing of agreements represents some form of control. There is likely to be fewer disappointments and less dissension in homes if the course we propose is adopted.

In this Bill we refer to the right of the hirer to nominate his own insurer. I have listened to all the criticism of members opposite on this aspect. It has been suggested that this could not be done in view of the property rights involved in hire-purchase transactions, but curiously I ascertained that some agents who are concerned in selling motor cars are not of the same opinion. I would be prepared to accept their opinion, seeing that they are actually engaged in the business. In fact, in discussing the question of hire-purchase with one or two agents they expressed the opinion that the rate of interest on the sale of a car was not excessive, but they took exception to the question of insurance. They pointed out that when one purchases a motor car on hire-purchase increased premiums are demanded and interest at the full rate is charged on those premiums.

Mr. O'Halloran—For the full term.

Mr. LOVEDAY—Yes. The buyer receives no benefit from "no accident" allowances, and he has no choice of the company with

whom he insures, yet he is the person making the purchase. Surely he should have some rights in this regard. To suggest that it is impossible to improve this state of affairs under hire-purchase is dodging the whole question. When people in the industry say that they can see no practical objection to making different arrangements I am quite satisfied that this clause should receive the full support of the House.

I noticed recently an article by a person who was conversant with what was happening in Queensland under hire-purchase. The Queensland Treasurer has instructed a special investigator to probe hire-purchase practices and in particular the hidden charges, called "kick-back" money, paid to car dealers on exorbitant car insurance premiums. The investigator has already been told that some hire-purchase companies are adding an extra percentage to the normal flat interest rate and are paying the additional money back to the car seller. Apparently in Queensland car buyers under hire-purchase are forced to pay up to 40 per cent more for insurance as well as flat rate interest on the insurance premiums themselves for the duration of the payments. Confirmation of this was given by a leading Brisbane hire-purchase firm and a prominent secondhand car dealer. In one case a car buyer who was loaned \$950 was asked to pay £200 in premiums over a three-year period. Then he found he had to pay interest on the £200, and no allowance was made for car depreciation over the three years. There is no doubt that there are instances of this operating in States other than Queensland, and the subject of insurance under hire-purchase arrangements on motor cars should receive prompt attention.

I hope the Bill will receive the support it deserves. Whether it is defeated or not, I am satisfied that its introduction by the Leader of the Opposition will do much good because it has given the House an opportunity to debate the matter thoroughly. When the conference of State Governments is held, whoever represents this Government will have plenty of points upon which considerable progress may be made in rectifying many of the abuses which are now current under hire-purchase transactions. I support the Bill.

Mr. DUNSTAN (Norwood)—This Bill received a certain amount of supercilious criticism from members opposite; indeed, the member for Mitcham (Mr. Millhouse) was wrought to a high pitch of scorn over it. His

remarks hardly did him and his activities outside this House justice. He, and the Premier, poured scorn on the provision which requires the signatures of both the hirer and the hirer's spouse on the agreement unless a statutory declaration is given about separation or desertion, but this is not a novel provision. A similar provision is already in the New South Wales Hire-Purchase Agreements Act, though it is somewhat longer and applies only to goods intended to be used in the home.

Mr. Millhouse—But it is something that might work.

Mr. DUNSTAN—There is no reason why the provision in our Bill cannot work, either. People get into the greatest difficulty under hire-purchase agreements, not over articles of household use, but over motor cars, which do not come within the provision of the New South Wales Act. Our provision is a wise and sound one for the protection of South Australian families, and there is no legal difficulty over the clause as drafted. To suggest that there is any legal difficulty is the most arrant nonsense. The member for Mitcham and the Premier said, "What about companies? They are not married." I am sure the courts of this country are not as ignorant and stupid as the member for Mitcham and the Premier would have this House believe. There are many provisions in the legislation of this country to make it clear from their context that they refer to natural persons. The Commonwealth Constitution is one.

The member for Mitcham will doubtless remember—or I may have to remind him—that in the Commonwealth Constitution there is provision for the manner in which people may bring actions before the High Court. They may bring an action in that court against a person living in another State, but that applies only to natural persons, although the Constitution does not say so specifically. However, it is obviously intended by the context, and the court is not so stupid as to misconstrue that provision. It is obvious that a juristic person—a company—does not go through a form of marriage ceremony, and the courts are cognizant of that. This provision gives some protection for families, and it is the person of small means who is trying to get some asset for his family whom we aim to protect by this legislation.

It does honourable members opposite little credit to come up with the specious and special pleas that they put forward on this Bill, and I suspect they did so because they

have pretty solid briefs from hire-purchase companies on this matter. It was obvious from the way the Premier approached this matter that he desired to maintain for hire-purchase companies the right of fleecing the people, as they are undoubtedly doing now. I do not know what support the Liberal Party gets from these companies, but I have my suspicions. I have some personal and special knowledge of the way hire-purchase companies are acting because I am a director of a small hire-purchase company.

Mr. Millhouse—The Labor Party's company?

Mr. DUNSTAN—It does not belong to the Labor Party. It is the trade unions co-operative company, and after it had been operating for a short period certain things were brought to the notice of the directors about the operations of hire-purchase companies generally. They get not only kick-backs in insurance, but also kick-backs from manufacturers and wholesalers. They can get from those people a supply of goods, to be sold retail by them, at a lower price than the wholesale price to the ordinary retailer. From that source and from kick-backs in insurance the average hire-purchase company can cover the whole of its overhead charges, so that all the accommodation charge is net profit.

The crocodile tears that are wept in this House about the great risks taken by these companies and the necessity for a high interest rate are a lot of nonsense. Why did the present Liberal and Country Party Commonwealth Government see fit to close down the activities of the industrial finance department of the Commonwealth Bank? I have spoken to some of the officers who were employed in that department. The secretary of the trade unions co-operative hire-purchase company was at one time employed in the industrial finance department of the Commonwealth Bank, and he said it was able to operate profitably on a low rate of interest. I bought my motor car through that department, and I was lucky because I got in just before the Commonwealth Government closed down its activities.

Mr. Coumbe—Was it subject to taxation?

Mr. DUNSTAN—No, but it was able to provide finance on motor cars at 4 per cent flat without the necessity of charging interest on insurance premiums and still make an excellent profit for the Commonwealth Bank. Even if that department had to pay taxation it would have still provided a good return, for the member for Burra has often referred to the high profits made by the Commonwealth Bank. It is ridiculous that hire-purchase firms should

be allowed to continue in the way they are and be protected from competition as they are now by the Commonwealth Government. The member for Burra has said we cannot do much within this State.

Mr. Bywaters—New South Wales has.

Mr. DUNSTAN—Of course. By its very nature the Federal system cannot work effectively, but if we sit down and say that for that reason we should not try to do something with which facilities we have we abdicate the government of this country completely. Although we cannot do all we would wish in the control of hire-purchase, nevertheless we can do much. We can protect the people to a marked extent in the hire-purchase field. It is eminently desirable that we should do so, and the Government's attitude on this measure does it little credit. If we pass this measure we shall at least give a lead for other States to follow, but if we say we must wait until all the Premiers of other States are prepared to discuss the matter, and if Mr. Bolte stands out, we shall not have a conference at all, and then the people of South Australia will go on suffering from high interest rates and the depredations of salesmen such as the member for Whyalla mentioned. It is up to the Parliament of this State to take action, and it can take action by passing this Bill.

The member for Mitcham and the Premier said they were puzzled and confused by the formula set forth in the first schedule. I am not a mathematical genius; indeed, I rate my mathematical capacity as being pretty low. I cannot see the slightest difficulty in doing the arithmetic involved in the formula.

Mr. Loveday—You do not need to be of Intermediate standard.

Mr. DUNSTAN—No. It is the simplest thing out. It is possible for anybody to use the formula. It has been excellently devised to give the required result.

Mr. Millhouse—Can you name the basis of it?

Mr. DUNSTAN—No, but why should I? People who know mathematics assure me that it is excellently devised, and I accept their statement. No one has yet been able to show me that it does not work. I cannot see that I should enter upon a mathematical discourse for the benefit of the honourable member. He can check the formula with the Statistical Department.

Mr. Coumbe—In other words, you do not understand it.

Mr. DUNSTAN—There is a great deal of mathematics that I do not understand. For instance, I have been through Keynes *General Theory of Employment, Interest and Money*. I have not checked the formulae in it but I have been assured that they are correct.

Mr. Millhouse—Have you had the formula in the Bill checked?

Mr. DUNSTAN—Yes. As it is so simple, why all the difficulty regarding the measure? Some people seem to see difficulty in the second schedule, but I think it is more simple than the form of agreement used by the largest hire-purchase company in South Australia. I do not know whether members have seen the form used by the Industrial Acceptance Corporation, but anyone looking at it and the second schedule would find the second schedule easier to understand. I believe that the forms are as they are so that people who sign them will not understand them. People come into my office and from their remarks I know they do not understand what they are committed to. The Opposition wants to make the position clear so that the hirer will know his commitments and not put himself into a serious situation.

Mr. Coumbe—You are convinced that this Bill will make it easier for him?

Mr. DUNSTAN—Yes; otherwise I would not be supporting it. It is very much clearer than the average hire-purchase agreement executed in South Australia by the larger hire-purchase companies. Under these circumstances why do Government members oppose the Bill and talk about the confusion associated with it?

Mr. John Clark—Because we introduced it.

Mr. DUNSTAN—Not only that, but because it is against the interest of the people from whom they get support. It is not difficult to see from Wheelwright's *Ownership and Control of Australian Companies* where the control of hire-purchase comes from. It is time action was taken in this matter. It is useless for members opposite to just get up and say that something should be done or that we should adopt the suggestion of the Prime Minister when he called a conference of Australian banking people. He said that we should restrict hire-purchase business and requested the banks to do so. Immediately afterwards the English and Scottish Bank of Australasia set up Esanda Limited. I have been informed that farmers who have gone to the bank for an overdraft to enable them to buy farm equipment have been told that they cannot get the

overdraft but that if they go to Esanda Limited they will be able to buy the equipment under hire-purchase at hire-purchase and not at overdraft interest rates. It is useless for Government members to drag red herrings across the trail. The people are not being dealt with fairly. The economy of Australia is being knocked cock-eyed by the activities of the hire-purchase companies and the Bill must be passed. We cannot absolve ourselves from our responsibility as legislators by saying that the matter must be dealt with on a Commonwealth-wide basis. Let us deal with the matter now, and let us have a division so that we shall see the members who are prepared to protect the small and family people of this State from the raw deal they are getting in this matter at present. I support the second reading.

Mr. O'HALLORAN (Leader of the Opposition)—Very little real condemnation of the Bill has come from Government supporters. Whatever substance there may have been in their arguments has been completely destroyed by the excellent arguments advanced by members of this side. This is not the first hire-purchase Bill that I have introduced on behalf of the Opposition. I have been responsible for introducing three measures. Each has differed from its predecessor, yet the arguments advanced by the Premier in opposition to the first two Bills have been used again in opposition to this measure. The first Bill provided for an agreement containing the details of the charges and an adjustment to reduce the rates charged. The Government would not have a bar of it. The next Bill contained other formulae so that persons signing agreements would know the extent to which they were committed. No attempt was made to limit the rate of interest. Opponents of the measure said that there should be a limited rate, so I included one in this Bill, but now I am told it is not acceptable, and no-one has said why.

Mr. Laucke said that 8 per cent would become the accepted interest rate and that it would be higher than the rate charged in some hire-purchase agreements. Mr. Laucke is a shrewd businessman and he knows that in setting a limit in this matter it is necessary to aim higher than one would like in order to cover the various types of transactions. If I had suggested 6 per cent there would have been an outcry from members opposite that the rate was impractically low and that it would destroy hire-purchase business. At present

there is no limit on the rate of interest. The companies can charge as much as they like on, say, the purchase of a motor car. Our suggested 8 per cent will be an encouragement for them to charge no more than they are charging today, and probably it will result in a reduction in the interest rate. In opposing this Bill the Premier used practically the same argument as he used against the previous Bill. He admitted that was so and said that he had not studied the Bill carefully. He assumed that it was similar to the one introduced previously, and then he learnedly discoursed about an authoritative document which he had received and which he said completely exploded the main theory of the Bill. I do not want to do him an injustice so I will quote the *Hansard* report of what was said:—

The honourable member sets out to have a standard rate, but his formula even to an expert is obscure.

Mr. O'Halloran—Have you a report from an expert on it?

The Hon. Sir Thomas Playford—Yes.

Mr. O'Halloran—Are you going to produce it?

The Hon. Sir Thomas Playford—I may but, even if I do not, I am certain it will be produced because it has been circulated through the House.

That statement was made on October 8. I have searched diligently and listened to members who oppose this Bill, waiting for them to produce this document which the Premier said had been circulated, but I have not seen it simply because it does not exist. That is not the type of argument that should be used on a matter of great importance to family people, so I am compelled to believe that members opposite are sold hoofs, horns and hide to hire-purchase business and are not prepared to agree to any legislation that will interfere with its rights or prerogatives in any way.

The member for Norwood (Mr. Dunstan) referred to Mr. Menzies' rather futile attempt on September 23, 1955, to curb hire-purchase finance, which he said was becoming inflationary. He called a conference of 12 leading hire-purchase organizations and asked them to curb hire-purchase activities, and of course they readily agreed to do so—"Oh, yes, Mr. Menzies, we will fit in with your desires to curb inflation." They went away, and what did they do? When the conference was held, the hire-purchase debt in Australia was £182,000,000, and according to figures published this morning it is now £305,000,000.

That is a most peculiar way to curb the inflationary effects of hire-purchase activities!

The member for Barossa (Mr. Laucke) made a most remarkable speech; one can almost say it was a well-reasoned speech. He was half in favour of the Bill and half opposed to it—he thought something should be done about it, but not yet, and that we should leave natural cause and effect to solve the problem, and he assured us that competition among hire-purchase companies would eventually resolve the question of exorbitant interest rates. So far, all we have seen of competition amongst these organizations having any influence on interest rates has been competition in borrowing the money from the public in order to charge even higher interest rates so as to make bigger and bigger profits from the huge increase in hire-purchase transactions that took place between 1955 and 1958.

The member for Chaffey (Mr. King) said there had been no public outcry for action to be taken in this matter, but protests have been made by the Premiers of Queensland, New South Wales, Victoria and Western Australia about the effect on the Loan market of hire-purchase transactions. References were made in those protests to the fact that money that should be going into Loans for reproductive public works, educational facilities and other Government activities was being diverted to hire-purchase companies. In New South Wales, legislation has been on the Statute Book for many years to control hire-purchase transactions, and some of the clauses of my Bill have been taken from that legislation. As explained by the member for Gawler (Mr. John Clark), there are two Bills now before the Victorian Parliament, one introduced in the House of Assembly by the Government and one introduced in the Legislative Council by the Opposition, and a Bill has been introduced in Western Australia by the Hawke Labor Government on the same lines as my Bill. There are some differences, but there are differences in all legislation of this type.

Mr. King—When was that introduced: last year?

Mr. O'HALLORAN—It is before the House now, and I think it is being debated today. Isn't that evidence of a public outcry? I know strong representations have been made to the Tasmanian Premier to have something done. I do not know whether anything has been attempted yet, but I know he has supported the idea of a Federal conference in an attempt

to find a solution of the problem. Despite this, the honourable member said there was no outcry.

Mr. King—I said there is no public outcry. It is a political outcry that you are referring to.

Mr. O'HALLORAN—I do not see very much politics in it; the Country Party Premier in Queensland and the Liberal Premier in Victoria united with the Labor Premiers of New South Wales and Western Australia on the matter. That is a wide political assortment. Member after member on this side of the House has produced substantive evidence in the form of letters and statements from constituents about the abuses that take place under the present system. I have had many letters of this nature, but have not bothered to bring them into the House because they all have relation to the same two aspects—the sharp selling practices and the high rates of interest such as eight and 10 per cent flat over a period, which are really between 16 and 20 per cent. The latter has been one of the main reasons for complaint.

Mr. Riches—Also the failure to disclose the rates in the agreement.

Mr. O'HALLORAN—Of course. The salesmen lead people to believe that the eight per cent quoted is the actual and real rate, not the flat rate which, translated to the real rate, can be slightly more than double. The member for Burra (Mr. Quirke) took a most peculiar attitude. He agreed with everything that had been said in favour of the Bill, and that all the evils associated with hire-purchase exist, but said that because no Commonwealth-wide action can be taken, no action at all should be taken. His was a peculiar attitude in view of his attitude to Commonwealth finance and his views on how this matter could be solved by proper control of banking throughout the Commonwealth. I agree with him on that, but we shall not get the solution from the Menzies Government. As the member for Norwood (Mr. Dunstan) pointed out, it was the Menzies Government that closed down the finance business of the Commonwealth Bank because it was becoming too effective in competing with hire-purchase business. Because Mr. Quirke cannot get some Australia-wide remedy, which I believe is the ultimate solution of the problem and will eventually be endorsed by the more sensible Australian electors at a Federal election, probably sooner than most people realize, is that any reason why we should not do something here in the meantime, or why this Bill cannot operate to curb many of these evils?

No member has revealed any weakness in the Bill or any reason why it cannot cover hire-purchase transactions in South Australia—it is impossible to show that. One or two members opposite criticized the provision that agreements must bear the signature of the spouse of the hirer too in the case of married couples. I agree with Mr. Dunstan that this clause was introduced with the laudable object of protecting the little people and the little families, and if no other clause is passed, it should be passed for that very reason. I agree that there may be some difficulty as regards the purchase of implements and motor cars, but I do not admit that that is a reason why the clause should not be passed. If members feel it will impede primary producers in purchasing such implements as hay balers or harvesters, I shall be happy to accept an amendment in Committee to limit it to household goods, which I think is perfectly reasonable.

Mr. Riches—I think it should include motor cars.

Mr. O'HALLORAN—Perhaps it should; I am not hard and fast on that. However, if that is the only objection to the Bill, let us go into Committee and determine whether it shall have general application or shall be limited to certain items.

Mr. John Clark—It was not a reason, only an excuse.

Mr. O'HALLORAN—Nobody has offered reasons; members opposite have offered only a few invalid excuses. A careful study of the Bill will show that much of the confusion that has characterized this debate could have been avoided. The great majority of the members who spoke showed conclusively that they had not studied the Bill or listened to my second reading explanation, so they were not competent to express a viewpoint. The clause providing for the setting out of items in agreements states that the net cash price, net credit price, gross credit price and other things must be stated. These might appear to be strange to those who have not given the matter much thought, but after all, the ideas they express are perfectly familiar to those engaged in making out hire-purchase agreements, and some names had to be given to them to convey what is expected under this Bill.

The essential nature of hire-purchase is that the hirer is considered to be merely paying hire for the whole period, but his instalments include not only the cash price of the goods but also a charge that is virtually interest on that cash price. The formulae included in the Bill represent a *bona fide* attempt to

give the hirer the benefit of the credit foncier principle. The formulae themselves are simple to apply and reasonably accurate for a wide range of hire-purchase transactions. They have the effect of approximately converting any given flat rate of accommodation charge to the corresponding true rate. For example, if the owner has based the accommodation charge on a rate of 8 per cent per annum flat, the appropriate formula would convert the instalment so that the charge was actually 8 per cent per annum true. Is there anything wrong with that? There is a strange and complete silence from members on the Government side of the House.

Where the Bill prescribes procedures that may not now be followed in some extreme or unusual types of hire-purchase transactions, such as have been suggested but not actually exemplified, it does so in order to bring them into line with standard practice. I feel sure that reputable hire-purchase companies would welcome the proposed standardization. There is one other argument of the Premier to which I want to refer. He again resorted to the alleged argument extracted from the Acts Interpretation Act. He said that this Bill is not remedial. Good gracious!—If it is not remedial what is it? It sets out to remedy one of the greatest evils in our community today; but, of course, if any member takes the trouble to study the relevant section of the Acts Interpretation Act—section 22—he will see that it has nothing whatever to do with Parliament. It is merely a direction to those charged with the interpretation and administration of Acts. The Government has failed to take the initiative in this important matter. The Premier says he is quite prepared to attend a conference called by the Premier of New South Wales, although what his contribution to it would be is problematical. Apparently, he is out of step with all the other Premiers, who are obviously convinced that something must be done towards regulating hire-purchase in the interests of the people.

Those who have spoken against the Bill have sought to create the impression that we are opposed to hire-purchase itself. Nothing can be further from the truth. We are opposed to, and desire to remove, exploitation and abuses possible under the system now allowed to operate, and that can be achieved only by legislative action. I said in my second reading speech, as on other occasions in this House, that the Opposition believes in hire-purchase if properly used. It is a form of consumer credit, and consumer credit is being more and more used throughout the world today because,

as was pointed out by the members for Whyalla (Mr. Loveday) and Burra (Mr. Quirke), difficulties arise since people who produce the goods in the factories of Australia are not in a position to purchase them and thus ensure continuity of employment.

There are two dangers. The first is the danger of over-extending hire-purchase business. I fear it has been well and truly over-extended in Australia already. Here we are at the end of the most prosperous period that Australia has ever known, particularly as regards prices for export commodities, and, in order to maintain our economic stability, we have had to mortgage the future to the extent of £305,000,000. Is that sound? I do not think it is, though it should be practised in bad times. It should be used only to keep industry going, to keep the wheels turning, to keep people employed, but, if we over-use it in good times, then obviously in bad times we shall suffer more severely than we would otherwise.

I could say much more, but do not desire to detain the House any longer. I repeat that we believe in hire-purchase, that it offers young married couples and young people starting out in life a means of furnishing their homes with the things they need while they are still young enough to enjoy them, instead of waiting, scrimping and saving until they are middle-aged or over, when it is too late to enjoy them. We believe, too, it is a means of taking the drudgery away from the housewife while she is rearing a young family, a most desirable and laudable object. We believe, above all things, that these people, the little people, the family people, are entitled to the protection of the law. We ask the House to support this Bill to give it to them.

The House divided on the second reading—

Ayes (13).—Messrs. Bywaters, John Clark, Corcoran, Dunstan, Jennings, Lawn, Loveday, O'Halloran (teller), Ralston, Riches, Stephens, Frank Walsh, and Fred Walsh.

Noes (15).—Messrs. Bockelberg, Brookman, Geoffrey Clarke, Dunnage, Harding, Heaslip, Hincks, King, Laucke, Millhouse, Pattinson, Pearson, Sir Thomas Playford (teller), Messrs. Quirke, and Shannon,

Pairs.—Ayes—Messrs. Davis, Tapping, Hutchens, Hughes, and Stott. Noes—Sir Malcolm McIntosh, Messrs. Hambour, Coumbe, Goldney, and Jenkins.

Majority of 2 for the Noes.

Second reading thus negatived.

METROPOLITAN TAXICAB ACT REGULATIONS.

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

That the regulations under the Metropolitan Taxicab Act, 1956-1957, made on March 27, 1958, and laid on the table of this House on June 17, 1958, be disallowed.

(Continued from September 17. Page 771.)

Mr. HAMBOUR (Light).—When I was last speaking the member for Burra interjected about the Prices Commissioner. I said that I believed the price charged by Yellow Cab was £6 10s., but I have since received a letter from the company, the relevant part stating:—

The amount that used to be charged by this company for services was £8 a week (not £8 10s. as referred to) and the amount fixed by the Prices Commissioner, and which still applies, is £6 5s. (not £6 10s. as mentioned). Apart from other concessions we have voluntarily—without being required to do so by the Prices Commissioner—agreed to remit up to four weeks a year to each owner-driver to cover contingencies like vacations, period for repairs, illnesses, etc. This reduces the effective rate to approximately £5 15s. a week.

I quote this because I used the figure of £6 10s. When I secured leave to continue my remarks I had just commenced to answer the statements of the member for Enfield (Mr. Jennings) about the incident that occurred between the chairman of the Taxi Board, Mr. Bonnin, and the driver of a green plate taxi. At the time Mr. Jennings made his statement he said that the driver had been fined £10. His remarks were endorsed by Mr. Lawn who was emphatic, in reply to an interjection, that he was sure of his facts. I believe we should know the full facts of this matter, particularly as publicity has been given to statements that were not altogether true. Mr. Jennings said:—

I would not like to reflect on Mr. Bonnin, but I shall refer to a case where he was picked up by a green-plate taxi in a restricted area. The taxi was not entitled to operate in that area, but the driver is a personal friend of mine. He lives in my electorate and I have known him for several years, and I have no reason to doubt anything he tells me. He said he picked up Mr. Bonnin in a restricted area and drove him to his home and had a few words to say to him about the conduct of the Taxicab Board.

The driver was retained by Mr. Bonnin to drive his baby-sitter home, but later received a summons because he had picked up Mr. Bonnin in a restricted area. If that is the sort of integrity the Taxicab Board is displaying it is something I cannot understand. This driver was fined £10 and he was happy to pay it because he now knows where he stands with the board, and I believe that we now know more about the board. The most important

aspect is that the board is impudently and arrogantly trying to get around an Act of Parliament . . .

It is not true that the driver was fined £10, because the case had not been heard a fortnight ago. I excuse Mr. Jennings because I believe he spoke believing that what he had been told was true. However, the case had not been tried and if the driver misled Mr. Jennings in that respect one wonders how much of his statement was true. The facts are that the chairman and his wife at about 10 p.m. hailed a taxi carrying a "vacant" sign in a restricted area and asked to be driven to Glenelg. This was duly done and the taxi driver subsequently drove a baby sitter home. The driver was not in order in showing a "vacant" sign. At 10 p.m. it would be difficult to distinguish whether a taxi carried a white or green plate.

Mr. DUNSTAN—On a point of order, Mr. Speaker, If I understand the honourable member correctly this case is still *sub judice*. Is the honourable member in order in discussing this matter when it is still before the court?

The SPEAKER—I understood from the member for Enfield, when he was speaking, that the case had been disposed of.

Mr. DUNSTAN—If I understood the member for Light he does not know that and this case could still be proceeding.

Mr. HAMBOUR—I said that until a fortnight ago—

Mr. Dunstan—Has it been heard or not?

Mr. HAMBOUR—On a point of order, Mr. Speaker. Do I have to know whether a case has been heard?

The SPEAKER—When the member for Enfield spoke some weeks ago I understood him to say that the case had been disposed of. The Chair has no knowledge of whether the case is *sub judice* and the honourable member was allowed to proceed with his remarks on that occasion. At present the Chair has no knowledge of whether the case is *sub judice* and I do not think the member for Light has stated that it is *sub judice*.

Mr. HAMBOUR—When Mr. Bonnin procured this taxi he asked to be driven to Glenelg. The driver recognized Mr. Bonnin who did not recognize the driver. The next day the driver boasted about his feat in breaking the regulations with the chairman as a passenger. A week later his boast was made known to the chairman, who then reported the incident to the board, and the board decided to prosecute. The case was adjourned until a future date. Mr. Jennings said that the driver had been

fined. I believe he made that statement believing that his information was true. All I am trying to establish is that the driver that gave the statement to the member for Enfield deliberately misled him.

Mr. Dunstan—That is not true either.

Mr. HAMBOUR—It is true that when the member for Enfield made the statement the case had not been heard. The member for Adelaide (Mr. Lawn) will not deny that the driver stated that he had been fined £10. Whether or not there was any justification for getting in the green plate taxi I am not prepared to say. All I say is either that the driver did not tell the truth or that the member for Enfield distorted the case presented to him. I point out that the incident has been elaborated upon as a result of the remarks of this driver, but if he made a false statement in that regard how are we to believe anything else that he said? Are we to accept his statements which reflect on the integrity of a member of the Adelaide City Council whom the Government has seen fit to appoint as chairman of the Taxicab Board? I doubt if any member will question the integrity of Mr. Bonnin, and I suggest that a little more caution be shown before such statements are made in this House.

The member for Adelaide criticized some remarks of the member for Mitcham. I believe that the member for Mitcham gave a well balanced speech and tried to size up the situation as a member of the Subordinate Legislation Committee would endeavour to do. I admit that one of his statements was incorrect, but I believe that he made it in the belief that it was correct. I refer to his remarks regarding the percentage of taxis that were owned. If we attach any importance to that statement it can be said that the member for Mitcham was wrong in that regard. However, I have checked all his other remarks and can say that the quotations he made from the evidence are accurate. Members can confirm this by reading the evidence given by the chairman of the Taxicab Board.

I will refer to some of the statements made by the chairman of the board, because, after all, members opposite seek to disallow these regulations in the face of the evidence given by the Taxicab Board in its attempt to clear up some of the points to which Opposition members object. The Opposition's bone of contention is that the board has had two years in which to establish itself, but from the evidence that does not seem to be the true position because it appears that the regulations

were only brought in on April 1 this year, having been delayed a long time owing to a disagreement with the Transport Workers Union. The board could not come to a satisfactory arrangement with that union, which had asked for an award of 7s. 3d. an hour. The owners had offered 7s. in the pound on a commission basis, which is the basis of the existing agreement between the drivers and the companies that own the cabs.

I have taken a little trouble to work out what it would cost a company to employ a driver for an 8-hour day. An ordinary week day would cost £2 18s., Saturday would cost £4 7s. and Sunday would cost £5 16s. That would be based on a 40-hour week. Everyone in this House knows that taxi operation does not work out conveniently over a 40-hour week, and if an operator worked longer hours on Sunday, or had to spend more time in his cab to take sufficient money, the whole transaction would be unprofitable to the company. However, some drivers entered into a voluntary arrangement with the company, and that is what the union is objecting to. I am not here to argue the rights or wrongs of the objection. I merely point out that the board could not come to some arrangement with the union, and it thereupon proceeded along the lines to which the Opposition is objecting.

Mr. Stephens—I do not think the figures you quoted are correct.

Mr. HAMBOUR—The member for Port Adelaide only has to multiply 7s. 3d. by eight to arrive at the figure of £2 18s. I have allowed time and a half for Saturday, which I think is correct.

Mr. Stephens—How many hours would he work on Saturday and Sunday out of the 40 hours?

Mr. HAMBOUR—In order to save time I should like the members who support this motion to read the evidence so that they can see what the chairman of the board has undertaken to endeavour to do. I ask leave to continue my remarks.

Leave granted; debate adjourned.

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

RIVER MURRAY WATERS ACT AMENDMENT BILL.

Returned from the Legislative Council without amendment.

INDUSTRIAL AND PROVIDENT SOCIETIES ACT AMENDMENT BILL.

Returned from the Legislative Council without amendment.

EXPLOSIVES ACT AMENDMENT BILL.

Second reading.

The Hon. D. N. BROOKMAN (Minister of Agriculture)—I move:—

That this Bill be now read a second time.

It proposes a small extension of the scope of the controls contained in the Explosives Act. It is rendered necessary by a new method of blasting which is coming into use. Until recently blasting was carried out by explosives which were manufactured before being brought on to the site of the blasting. Under the new method two substances, neither of which taken separately is an explosive, are blended either in a hole bored in the material to be blasted, or immediately before being placed in the hole. The substances used so far are ammonium nitrate and fuel oil or carbon black. As the law now stands the Explosives Act does not apply to this method of blasting. The Act provides for the regulation of the manufacture of explosives, but the mixing of these two substances together at the site of the blasting is not manufacture. Nor does the Act at present provide for regulating the use of explosives. It is limited to manufacture, storage and carriage.

There is no doubt that it is necessary in the interests of public safety to have some laws or regulations prescribing the safety precautions to be taken in connection with the new method of blasting. The precautions which are required are not onerous, but there is no guarantee that they will be taken unless steps are taken to promulgate and enforce them. The duty of doing this falls on the Government which has undertaken the administration of a system of laws for ensuring that explosives will be handled with a minimum of risk. The Bill therefore provides that regulations may be made regulating or restricting the mixing of substances which, when mixed, form a product which can be used for blasting, and for regulating or restricting the use of such product for blasting.

For the purpose of administering any such regulations it is necessary that the inspectors of explosives should have wider powers than they have at present to enter premises and make inspections. Under the present law inspectors may enter magazines, licensed premises or places where explosives may be found. However, as the new substances are not in themselves explosives, the power of entry would not necessarily extend to places where they are kept or used for blasting. It is therefore proposed to amend the principal

Act so as to provide that inspectors can enter and inspect any place which it is necessary or convenient to enter and inspect for the purpose of securing due administration and enforcement of the Act.

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

FIREARMS BILL.

Second reading.

The Hon. G. G. PEARSON (Minister of Works)—I move—

That this Bill be now read a second time.

Members will recall that the main purpose of the Firearms Act which was passed in 1956 was to require persons under the age of 18 years and aliens to be licensed before using or possessing a firearm. That Act, which has not been proclaimed and therefore is not law, repealed four Acts relating to the control of firearms and re-enacted substantially the same provisions with an important exception, namely the provisions of the Firearms Registration Act which were repealed and not re-enacted. For reasons which the Government and Parliament believed to be sound at that time, it was considered that the retention of the laws relating to registration of firearms would serve no useful purpose. Since the passing of the 1956 Act the Commissioner of Police has made a very strong recommendation to the Government that the register should be retained, mainly on the ground that a clue obtained from it has led to the solving of some serious crimes.

Another recent instance of the value of the register is the case of the Lithgow rifles. When it becomes known that a particular group bearing certain serial numbers had a defective part, the Commissioner, through the registration records, was able to send a circular to each owner and advise him accordingly. A further argument in favour of the register is its value in time of war when it may be desirable to require owners to surrender their small arms or it may be necessary to confiscate the arms of persons suspected of subversive activity. The work of keeping the records can be performed by one clerk, and the expense involved is small compared to the value of the information contained in such records. Upon re-consideration of the whole question of the control, use and registration of firearms, the Government decided that it would not proclaim the 1956 Act and thereby repeal the registration provisions, but would introduce this Bill which, as I will explain later, gives a wider and more effective measure of control over

the use of firearms, and re-enacts both the licensing provisions of the 1956 Act, and, in an improved form, the registration provisions of the Firearms Registration Act, 1919-1934.

The explanation of the clauses is as follows:—Part I.—Clause 2 provides that the Act shall come into operation on a day to be fixed by proclamation. This is a necessary provision to allow time for regulations to be made and forms printed. Clause 3 repeals four Acts, the provisions of which are included with modifications, in this Act. Clause 5 contains certain definitions. Members will note the definition of "firearm" which allows the scope of the Act to be extended by regulation. The definition as drafted does not bring air guns and spear guns under control, but if it can be shown in the future that such control is necessary, they can be brought within the ambit of the Act by extending the definition of "firearm" in the manner prescribed in the Bill. The Government believes that a flexible definition of this nature is more appropriate to cope with changing circumstances than a rigid definition.

Part II re-enacts with modifications the provisions of the Firearms Act, 1956, relating to use and possession of firearms by persons under the age of eighteen years and aliens. It will be necessary for any such person to obtain a licence from the Commissioner of Police. The Commissioner may refuse the licence if he is not satisfied that the applicant is a sufficiently reliable person to use a firearm without danger to persons or property, or may grant the licence subject to conditions. Any person aggrieved by a decision of the Commissioner may appeal to a Special Magistrate sitting in Chambers for a reversal or variation of the decision. There is a prohibition of the use or possession of a firearm by a person under the age of 15 years, subject to the exceptions set out in clause 8.

Part III re-enacts with improvements the registration provisions of the Firearms Registration Act, 1919-1934, and requires every person who owns a firearm to register it within 14 days of becoming the owner. Any person who owns, uses, carries, or has in his possession any unregistered firearm is guilty of an offence and liable to the penalties set out in clause 39. Clause 20 provides that the owner of a registered firearm shall within 14 days notify the Registrar of any change in his address. This clause is an improvement on the existing registration provisions and will ensure that the register contains the correct

name and address of the owner of the firearm. Clause 21 provides that all firearms registered pursuant to the Firearms Registration Act by a person who is at the date when this Bill becomes law the owner of such firearms shall be deemed to be registered under this Act.

Part IV re-enacts with drafting amendments section 15 of the Firearms Act, 1956, relating to the use of rifled firearms from vessels on the River Murray. Part V re-enacts with improvements the miscellaneous provisions of the Firearms Act, 1956. Clause 38 provides that the Governor may make regulations to assist in giving effect to the Act. Clause 39 prescribes certain maximum penalties for offences against the provisions of the Act, which are similar to the penalties set out in section 18 of the Firearms Registration Act but higher than the maximum penalties provided in section 25 of the Firearms Act, 1956. For a first offence the penalty is a fine not exceeding £50 or two months' imprisonment, and for a second offence £100 or imprisonment for six months. In addition the Court may confiscate any firearm in relation to which the offence was committed. Clause 41 contains certain saving provisions with regard to the Animals and Birds Protection Act and the Pistol Licence Act to ensure that the provisions of those Acts and this Bill will work in harmony with each other. It provides that a gun licence under the Animals and Birds Protection Act shall not be granted to an applicant who is under the age of 18 years or is an alien unless he proves that he holds a firearms licence granted by the Commissioner of Police under the Bill.

The Government commends the Bill for the consideration of honourable members in the belief that it is a progressive move to protect the public against the indiscriminate use of firearms.

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

ADVANCES TO SETTLERS ACT AMENDMENT BILL.

Adjourned debate on second reading.

(Continued from October 23. Page 1380.)

Mr. O'HALLORAN (Leader of the Opposition)—There is little to say on this Bill because, as I understand the position, it simply amends the Act to provide that the maximum amount to be advanced under section 12a for the purpose of erecting a dwellinghouse will conform

to the amount proposed in the Bills to amend the Advances for Homes Act and the Homes Act. In days gone by when we developed country under difficult conditions substantial losses under this Act were made by the Government. The total amount lost over a long period was about £500,000. Although it was lost to the Government eventually it had a value because its expenditure meant the development of new land; therefore, it was not an economic loss to the State. I remember when the provisions of the Act were used to assist primary producers in drought stricken areas to carry on production, by giving them advances based on the improvements on their holdings. By and large the Act has been of great benefit to primary producers, and particularly those who developed new areas of land. The amount at present advanced to a settler for a home is completely unrealistic and because of the general desire to improve the housing of the people generally, not only in the settled areas where the Advances for Homes Act and the Homes Act apply but in the country, I support the second reading.

Bill read a second time and taken through its remaining stages.

INDUSTRIES DEVELOPMENT ACT AMENDMENT BILL.

Adjourned debate on second reading.

(Continued from October 28. Page 1414.)

Mr. O'HALLORAN (Leader of the Opposition)—This Bill must receive the support of the Opposition, which has been endeavouring for years to impress on the Government the necessity for doing something of this nature, and to me this measure represents a change of policy on the part of the Government on this very important matter; it is in the nature of a death-bed repentance. The Government realizes what its fate will be in the early part of next year, so apparently it has at last become seized with the necessity for doing something real to assist in the decentralization of industry. This matter has been brought before the House by the Opposition on many occasions over a long period. I well remember the former Leader of the Opposition (Mr. Richards) moving motions on the general question of the decentralization of industry and the steps that should be taken to assist to bring about this very desirable objective. Since I have been Leader I have carried on the good and faithful work of my predecessor and have endeavoured to impress on the Government the necessity for taking some practical steps.

Generally speaking, the motions we have moved have been combated by the Premier and some of his henchmen on the Government benches.

I remember one occasion when I had the temerity to suggest that something was necessary to assist the decentralization of industry, and I quoted some information I had received from overseas about the success that had accompanied a move in England after the last war in the areas near Newcastle-on-Tyne where, because of the working out of coal mines, a considerable industrial depression had resulted. The Government of the day which, by the way, was a Labor Government, decided to build certain factories in that area to be sold or leased to private enterprise in order to establish new industries to take up the slack of unemployment, which was very serious there. That proposal was similar to that which we are now asked to approve in this Bill. I well remember that the member for Rocky River (Mr. Heaslip) took me to task rather severely. He suggested that it was not an economic proposition and that the Government should confine itself to building homes for the people rather than branching out as a factory owner. I am pleased that the words I used then, which apparently fell on deaf ears, have at last borne fruit.

Last session I moved a comprehensive motion asking that a Royal Commission be set up to investigate the steps necessary to bring about decentralization of industry, and although I thought at the time an unanswerable case had been made out by me and my colleagues for carrying the motion, I was astounded when every Government supporter voted against it. After all, we only sought the appointment of a properly-constituted authority to investigate all aspects of this matter. Only yesterday the member for Murray (Mr. Bywaters) drew the Premier's attention to the fact that the Murray Valley Development League had suggested by resolution at its recent meeting at Murray Bridge that it was necessary that something in the nature of a planning committee should be created to assist in the decentralization of industry, and the Premier said that this was a matter for a committee of local people. A number of country towns have formed committees to encourage industries to come to their areas, but they have no finance and no secretarial organization. They work in a purely honorary capacity and there is no fountain-head to which they can go for advice and assistance to determine what type of industry they should seek and what type of investiga-

tion they should request in order that an industry might be established in their areas. I think the request of the Murray Valley Development League was a good one, and I assure the league that the Labor Party will give it all the support it can. It has been a plank of our platform for some years that this should be done.

The Hon. G. G. Pearson—It is not quite true to say they have nobody to whom to go for advice. Various Government departments, particularly the Department of Industry, have been offering advice.

Mr. O'HALLORAN—If so, we have got few results.

The Hon. G. G. Pearson—I have directed a number of inquiries to that department and have got useful replies.

Mr. O'HALLORAN—All I can say is that no industry has been established in the country as a result of those useful replies.

The Hon. G. G. Pearson—That is not the point. You said these committees had nobody to whom to go for advice.

Mr. O'HALLORAN—I shall deal with that later. I was about to quote a plank of the policy of the Labor Party, which is:—

A more positive and realistic approach to decentralization by means of a committee to advise on the decentralization of existing industries and the provision of new industries in country areas.

I take it that the proposal in the present Bill is somewhat along those lines. The Industries Development Committee will be used as an inquiry body to determine whether the Housing Trust should erect factory premises in country towns. In that respect the Bill is a forward step and I commend the Government for it. All I am complaining about is that we have waited so long for something to be done.

With regard to the inquiries made by the Department of Industry, we had one experience in Peterborough only this year. A very influential body there, the Peterborough Progressive Association, in co-operation with the local council, decided that the question of establishing a meat works at Peterborough merited consideration. I hasten to point out that we were not asking for a meat works to treat export lambs. In the main, we were asking for a meat works to treat aged ewes produced and kept in that area for many years. Under prevailing marketing conditions the price they bring at the abattoirs is so low, generally, that the return does not meet the cost of the rail freight on them.

Recently, because of changed marketing conditions in America, a considerable demand has grown up for this type of meat and we believe that the establishment of a meat works at Peterborough to handle this type of production would be of great value, not only to the primary producers in the area—and it would serve a great area extending to the West Darling in New South Wales—but also to the State because it would provide a useful and profitable return to the owners of these derelict sheep, which are now generally kept on the properties there until they die. The result is that they eat the feed that should be retained for the benefit of the young stock coming on, thus bringing about an economic loss.

A deputation came to Adelaide and produced what I thought was a strong case to the Premier, who gave them a reply in which he did not attempt to rebut the argument used by the deputation. He simply made some excuses, in the main based on the fat lamb market, why a meat works should not be established at Peterborough. We never contended that Peterborough was a suitable place for an industry largely concerned with the freezing and exporting of fat lambs.

The Hon. D. N. Brookman—Do you want private enterprise to establish the industry?

Mr. O'HALLORAN—I shall come to that in a moment if the honourable member will contain his impatience. We did suggest that some fat lambs could probably be treated in favourable seasons. I do not know to whom the Premier referred the deputation's request for an inquiry, but whoever it was proceeded to reduce by one million the number of stock that the deputation had suggested were carried in the area. The stock figures were compiled by stock and station agents and growers in the north and north-east who, I suggest, were well qualified to make that estimate, which was reliable; but, of course, reducing the number by one million presented a different side of the picture.

The Minister of Agriculture was concerned whether this industry should be established by private enterprise or by the Government. I, and I think the deputationists, believed—though they did not tie themselves to a Government enterprise—that it would be useful to extend the activities of the Government Produce Department to that area by establishing a small killing works that could be used for the purpose I have referred to and also as an abattoir for Peterborough and some of the surrounding towns. If it is suggested that

private enterprise can do the job, if the proper facilities are provided and the necessary assistance is given, I have no objection to private enterprise doing it.

The New South Wales Labor Government has provided assistance to establish killing works in various country centres in that State. It has provided it not to private enterprise but to local government authorities and has lent those authorities the necessary money for capital expenditure for 10 years, free of interest. As a result of that, some five country killing works have been established in New South Wales in recent years. My information, which came recently from a Minister in the New South Wales Cabinet, is that these country works are prospering, that they are not only proving a great benefit to the producers in the areas concerned but are relieving the congestion at the Homebush abattoirs, because stock killed in these country abattoirs are railed to Sydney and sold through the abattoirs organization.

That is the kind of thing that should have been investigated by someone here, but it was not. The proposal was turned down without, in my opinion, adequate investigation, but I visualize that that is something that can be investigated under this Act. I have not had time to consider the Bill fully, but I think it will be possible for the Housing Trust to build works in some country areas and let them either to private enterprise or to local government authorities. For many years I have believed that stock should be killed as near as possible to the point of production, because they lose a certain amount of condition in being transported to the abattoirs. Furthermore, at certain times they are subjected to starvation conditions while waiting to be killed, and we should avoid that as far as possible.

The Housing Trust, as honourable members well know, is building a factory or two at Elizabeth. I have not had time to go into this as fully as I should have liked, but I am concerned whether there may not be some flaw in the existing law and we may find, after the passing of this Bill, that any expansion will be restricted to Elizabeth. I hope that will not be the case and that, once this Bill is passed, it will be used to the fullest extent to provide factory sites for any industries, great or small, that can be profitably established in country towns; because, believe me, dealing with the rising generations of country towns is a serious problem.

In Peterborough about 1,000 children attend the three schools—the primary, Catholic and high schools. Within a year or two the senior students at the high school will be seeking employment. The number of students attending that school has increased from 100 to 150 this year and it is expected that the number will be 200 next year. This is largely due to the fact that during the depression the marriage rate was low, but since the war it has increased and there are now growing families requiring education and employment. The only avenue of employment at the moment is in the Railways Department, but its intake is not sufficient to absorb the natural increase in population. When sons and daughters have to leave Peterborough to secure employment elsewhere either one of two undesirable situations is created. Firstly, if it is possible, the family can all leave the town, or, secondly, the children in their early days of employment are required to leave the parental home and the guidance of their parents and live in the metropolitan area just when parental guidance is most necessary. Peterborough is not the only town so affected. This Bill, properly administered with the necessary drive and enthusiasm, can be of great benefit in the decentralization of industry and population. I support the second reading.

Mr. JENKINS (Stirling)—I support the Bill, which provides that the South Australian Housing Trust, after an industry has been recommended as being sound and economic by the Industries Development Committee, can provide factory premises on land owned by the trust outside the metropolitan area. This is an expansion of the Government's policy of decentralization, and it will be welcomed by all country members. It should provide sufficient encouragement to those wishing to establish industries in country areas where other conditions are economically suitable. My own district has been handicapped in the past because it has lacked an adequate electricity supply. For the last five or six years a local company has been operating under capacity and has not been able to supply outlying areas with sufficient power to maintain electric stoves or bathheaters. Last July the Electricity Trust took over the supply and it will now be possible for industries, should they wish to establish in the area, to be provided with the required power.

A few years ago the Chamber of Commerce asked me to attend the meeting and discuss industries for Victor Harbour. I then stated that one of the main problems was an adequate supply of electricity, but I promised that when

the trust took over the supply I would sponsor an advisory committee to assist the establishment of industries there. Recently I took steps to implement that promise. The area is eminently suited for most industries if they can secure raw materials in the vicinity at a reasonable cost. There is an abundance of fresh water in the Murray River adjacent to Goolwa; a wide expanse of seaboard into which effluent can be discharged; a railway to the area and good roads. Some time ago the Premier promised one or two industries that housing could be provided. That is a wonderful start and the Housing Trust should be able to secure land at a reasonable price along the coastline where it is of comparatively poor quality. I do not believe the trust has any land large enough for factories in the area at the moment, although it has some building blocks.

Mr. Bywaters—It can purchase land.

Mr. JENKINS—Yes, and I think it will. The Bill enables the trust to erect factories for sale or for rental over a period of years. The trust is also empowered to provide houses. This will enable industries to be established without straining their financial resources. The Leader of the Opposition said that this Bill was introduced as a deathbed repentance. That is not so, because the Government has done much in the past to implement a policy of decentralization. Most members would have appreciated the introduction of such legislation much earlier, but as the Premier pointed out, there is now ample money in the Housing Trust accounts to enable the construction of factories without adversely affecting home building. That has not always been the position, nor has there always been a great demand for industries in the country. Industries have been established in and around the metropolitan area, which is probably approaching absorption point. This Bill will encourage industries to go to the country. The Leader said that it was Labor policy. It may be, but it is also Government policy which has been implemented over the years. The Leader said that for some time he had been endeavouring to have a Royal Commission established to inquire into the decentralization of industry. This Bill is a practical way of assisting industries in country areas and I fully support it.

Mr. RICHES (Stuart)—It is refreshing to be able to wholeheartedly support a Bill of this nature. It is interesting that members opposite, who so vigorously opposed resolutions from the Opposition proposing the

establishment of Royal Commissions to inquire into the possibility of doing what this Bill proposes, now enthusiastically support proposals in which they then saw little merit. I suggest to Mr. Jenkins that before industries can be established in the country much more must be done than is provided for in this Bill. He and other members opposite would have been well advised to have instituted the inquiries that the Opposition sought when it submitted its motions. This Bill has been introduced because of a situation that has arisen at Elizabeth, which is finding itself in the same position as the older established country towns found themselves in years ago. The problems that have been facing Whyalla, Port Augusta, and Port Pirie are now being experienced at Elizabeth.

Mr. Jenkins—Aren't you supporting the Bill?

Mr. RICHES—Yes, I am supporting it wholeheartedly, but I suggest that before this Bill will have the effect the honourable member desires much more has to be done than the Bill envisages. The situation at Elizabeth is one reason for the introduction of this legislation. An unbalanced development is taking place there, the same degree of unbalanced development which has been experienced in the older established country towns and to which members on this side of the House have been drawing attention for many years: a situation in which there is no suitable employment for female labour and in which we just cannot have a community composed entirely of a residential area and no industries, any more than we can have an area composed of industries and no residential areas to supply manpower. In order to bring about a better balance at Elizabeth the Housing Trust found that industries should be established. The trust commendably and efficiently prosecuted every avenue of inquiry in order to entice industries to Elizabeth, but it found that by adopting the methods available to the other towns in South Australia it could not attract any industry. Those methods were found to be inadequate. If industries have to be established at Elizabeth under the same conditions as an industry has to be established at Port Pirie, we will not have any industry there. The Housing Trust has had to build factories as an inducement.

Hr. Hambour—Did it build for General Motors?

Mr. RICHES—No, but it did in some other instances. I shall deal with General Motors

later on, and will remind members of the assistance that firm is receiving from South Australia in order to increase its undertaking in Adelaide. That assistance has not been available so far to any industry seeking to become established in a country district. One of the great difficulties that has to be overcome in establishing industries anywhere in South Australia, particularly in the country, is the difficulty of freight charges. Nobody can gainsay that South Australia has offered much inducement to General Motors-Holdens to establish and expand its works in South Australia with the aid of freight concessions.

One reason why this State is standing out on the question of taxation of road hauliers is the possible effect it might have on the transport of the produce of our factories. It is the freight obstacle that has to be overcome, and the expansion of General Motors-Holdens is an eloquent testimony to the fact that if those difficulties are faced up to they can be overcome. It is to the credit of the State that in that instance they have been overcome. The freight disability is one that every country town has to face up to. I believe that if a Royal Commission were set up and if the best possible advice were made available to us, these difficulties would not be insuperable; they could be overcome in relation to a country centre the same as they have been overcome on the State level in the case of General Motors-Holdens.

In order to entice industries to Elizabeth the Housing Trust had to adopt the practice being adopted in other parts of the world, in some cases by Governments and in other cases by private interests, of building up industrial estates by offering companies ready built factories and saying in effect, "If you come here we will build your factory and that will enable you to reduce the amount of capital that you have to raise; you will not have to pay dividends on the capital required for your building, and in addition you will be able to get tax deductions for the rent that you pay."

The Hon. G. G. Pearson—The employment of capital and the employment of dividends are new factors that have emerged in recent years, are they not?

Mr. RICHES—Yes, and I think that is why this practice makes such a strong appeal to any industry that seeks to establish itself. The Housing Trust has been able to offer that at Elizabeth. Factories have been built, some businesses have already been inquired into by the Industries Development Committee, and

recommendations favourable to their establishment have been sent to the Government. I pay a tribute to the officers of the Housing Trust. I have never been more impressed by the efficiency of any department than I have been by the way the trust's officers have been able to place the case of Elizabeth before business interests in other States, and even overseas, in their efforts to attract industry.

Mr. Jenkins—It is implementing Government policy, isn't it?

Mr. RICHES—It is doing precisely what the Opposition wanted done when it moved its motion several years ago. The Government is now introducing legislation to regularize a practice that has grown up of necessity in Elizabeth and which without this legislation is probably outside the law. It is questionable whether advances already made for factories at Elizabeth are within the law, because the Housing Trust is an organization set up to build houses, not factories. This legislation will regularize that practice, which I think is a desirable one. I have satisfied myself that up to a limit—but only up to a limit—this can be done without interfering with the housing programme. I think the present officers of the Housing Trust can be trusted not to embark upon factory building at the expense of home building. The limit that I mentioned is the amount of reserves the Housing Trust has available.

The country area which has already benefited from this practice and which will benefit chiefly as a result of this legislation is Elizabeth. There is no question about that. Nobody is objecting to the development at Elizabeth, but I emphasize the necessity of offering to country districts the same facilities as the Government has had to make available to Elizabeth if industries are ever to be established in country areas. The general difficulty in establishing industries is that we must either have available markets or raw materials. Where there is an abundance of raw materials it may be possible to establish an industry alongside, or where there is a firm market it may be possible to bring the raw materials to the market. However, experience has shown that under our present set-up there is either great difficulty or it is impossible for the raw materials to be taken to a place for manufacture and then for the firm to cover the cost of freighting back the finished article to the market. However, there are exceptions, and I suppose General Motors-Holdens is one of them. Neither the raw material nor the

market is here, but they have the know-how, and freight difficulties have been overcome.

If this State is to be developed on a balanced basis we must find ways and means of developing the country and make it possible for families to live in the country. As pointed out by the Leader of the Opposition, more difficulty is being experienced every year, as more children are being educated in our country high schools, because of the fewer opportunities offering for them in the country. That more than any other factor is tending toward centralization. When I have heard of families leaving the country to come to the city I have made it my business to inquire the reason, and the only reason I have been given is that sufficient opportunities are not available for employment in the country. This does not, of course, apply to those who retire and live in the country. The number retiring to come to the city is decreasing, but more people than ever are leaving the country to come to the city so that their families may remain together when they are faced with the necessity of educating their children and finding employment for them.

We must do for other towns what has been found necessary for Elizabeth. We must overcome the freight difficulty and offer inducements by building factories and homes and providing water and electricity. I admit that water, electricity and homes have been provided by the Government in order that industries could be established anywhere, but that does not prove to be the answer. There are well-established towns where homes have already been built and where there is an adequate supply of electricity and water, but energies directed to the establishment of industries have been unsuccessful. More than that is needed. I believe it is imperative that support be given to committees set up in the country to induce industries to go to their areas. This Bill will assist if the Government is prepared to finance the building of factories in the country on the same basis as it was prepared to finance the building of factories at Elizabeth.

I have always argued that it is not possible for the Chamber of Commerce, country committees, or the member for the district to get the necessary information relating to the possibilities of industries coming to South Australia, or for them to contact industries for that purpose, because they have not sufficient authority to make the approach and

because information required is not available to them at the right time. I have always held that there should be some authority that could present the case for the country. It was announced some weeks ago that a cigarette manufacturing industry was to be established in the metropolitan area and that the freight charged may not be a formidable obstacle. I should like to know whether anyone had the opportunity to place before that firm the possibility of its going to the country. Whose business is it to put a case for the country? Those interested cannot ascertain the details of any approach until the deal has been completed and an announcement is ready to be given as to the site and so on.

No-one seems to be in a position to submit a case for decentralization. If we are to have industries established in the country, as the member for Stirling has said, it is absolutely necessary that someone should be in a position to state a case for decentralization. That is needed in addition to the provisions incorporated in the Bill, desirable as they are. South Australia was visited by a representative of Oxo Ltd., a meat processing firm, and people in country areas were desperately anxious that a case for the country should be stated. If there is any possibility of this organization being interested in South Australia, then the areas in which the cattle are produced should be entitled to advise the firm of the possibilities of their areas, but how can that be done?

Mr. Jenkins—Don't you think that the industry itself could investigate that?

Mr. RICHES—If we are content to sit down and wait for an industry to make the investigation, we shall miss out all along the line. If *The Economist* and other publications in our library are read it will be found that other countries cannot afford, any more than we can, to sit down and wait for industries to come. South Australia recognizes that. Why did our Premier go to America a few weeks ago? Nearly every State has sent representatives to that country trying to induce industries to come to Australia. Such industries are essential if we are to employ the population of the future. We cannot accept the idea that we can sit down and wait for industries to come to us.

Mr. Jenkins—No-one suggested that. I asked whether the honourable member didn't think that the industries should explore the position and the most practical approach.

Mr. RICHES—I believe that many industries could be established just as easily in one place as in another. If the State desires to get an industry, then it must be on the look-out and advise it of the advantages of establishing here. Officers of the Housing Trust have rendered signal service to the State by following that practice. They have sought industry and put a case for its establishment in South Australia. I cannot speak too highly of the efficiency of trust officers in this direction. I wish they could speak for country towns generally as strenuously and efficiently as for Elizabeth. Up to the present they have not shown concern about other country towns, and I do not know that it is their responsibility to do so.

This Bill will, in one respect, place country areas on a similar footing to Elizabeth, but there should be some body with the responsibility of stating a case for the establishment of industry in the country. I have a feeling that the work of the Industries Development Committee is not as widely known as it should be, and not availed of to the fullest extent. I have heard members of Parliament at public meetings give wrong information about the committee's activities. They lead people to believe that inquiries for assistance should be made direct to the committee, whereas under the Act they must go to the Treasurer. The function of the committee is to see that he does not give guarantees unwisely.

The committee acts in the same way as the Public Works Committee. No inquiry can be initiated by the Industries Development Committee. The Treasurer must first consider the application and if he decides to assist he refers the matter to the committee, which acts as a sort of brake on the amount involved. Sometimes the Government guarantee for an industry reaches £1,000,000 and Parliament has never given the Treasurer the right to spend that money without a preliminary investigation by the committee, which safeguards the interests of the State the same as the Public Works Committee does in connection with public works. Under the Act, firms large and small can apply to the Treasurer for financial assistance. Many have received Government help in the way of loans, guarantees or interest concessions. It would be interesting to know the actual number of industries that have been assisted by the Government. Much more could be done if the committee's functions were more widely known and more clearly understood. It would be helpful if another organization were set up to give drive and guidance to

local committees in the establishment of industries in the country. I support the Bill and hope that my remarks on the establishment of an authority to speak for the country in the first instance, and to have the same drive as trust officers have in connection with Elizabeth, will be noted by the Government.

Mr. HEASLIP (Rocky River)—I support the Bill with certain reservations. Decentralization of industry is desirable but not when it becomes impractical. Before industries are established in the country there should be signs of their having a reasonable chance of success. I do not object to the trust's spending money on building factories for purchase by an industry, but I object to its being done if that industry has no chance of success. In many country areas, because of their geographical position, industry cannot withstand competition from the metropolitan area. I oppose the spending of Government money in building white elephants. We had one at Wallaroo. I do not know how much that building cost the taxpayers but its erection did not assist decentralization in any way. It was built during wartime but was never purchased by the industry that was to occupy it. Very few men now work in it. I am not in favour of any suggestion that the Government should spend money building factories on spec awaiting industries to occupy them, try them out, and give them away.

Mr. Riches—Nobody has suggested building on spec.

Mr. HEASLIP—It could be done, although I do not think it will be. I support the Bill believing that there will be sufficient protection in the necessity for a recommendation by the Industries Development Committee. I agree with building factories for sale, but not with building factories with taxpayers' money when they might become white elephants. It might sound odd for me as a country member to say this, but it is my belief that, although I am all in favour of decentralization, it must be practical and economic; it would be stupid to set up factories in positions where they could not be successful. That could cause a lot of heartburn and the loss of a great deal of money, and it would not bring about decentralization.

Mr. Corcoran—Do you think the Government will put up factories where they will not be economic?

Mr. HEASLIP—No, because the Industries Development Committee must approve of

them, and that is why I am supporting the Bill. The Leader said that I said:—

The Government should confine its activities to home building rather than become the owner of factories.

I do not remember saying that, although probably I did, and if I did say it I stick to it because I do not think it is the function of a Government to own factories. I believe it could build factories in country areas, but it should not own them. I do not believe in socialization or nationalization, and that is what Government ownership means. That is the beginning of the individual's losing his identity and the Government running the country and dictating to the individual, with the result that the individual loses his freedom. I do not subscribe to that.

Mr. Jennings—Don't you think the Government should own the railways?

Mr. HEASLIP—They are a liability. The member for Stuart (Mr. Riches) said that by reducing freights we could assist industries to become established in the country, but we are doing that now—the taxpayers are contributing almost £5,000,000 a year to keep down rail freights. If we indiscriminately build factories in country areas where freights make it impossible for them to exist, and reduce freights to such an extent that they can exist, it will be uneconomic, and it is not right to ask the taxpayers to contribute even more. By all means establish industries in the country and bring about decentralization. I believe in decentralization, but not at any cost—there is a reasonable price to pay for it. The Leader said that one of the planks of the Labor Party platform is a more positive and realistic approach to decentralization. I could not be more with the Labor Party on this, but the approach must be realistic. If it is realistic and can bring about decentralization, I support it wholeheartedly, so to that extent I support the Labor platform. The Leader also mentioned the suggested meatworks at Peterborough to treat aged ewes from the district. I know a little about aged ewes and the conditions in these northern areas. I agree with the Leader's objective, but he should observe the platform of his Party and make a realistic approach to the problem. He said that a deputation came to the Premier on this subject. The Premier did not agree with the deputationists, and I think he had a good reason for his attitude. I do not know who the members of the deputation were, or how many stockowners were on it.

Mr. O'Halloran—One of the best informed pastoralists in the north-east was there.

Mr. HEASLIP—That may be so, but if it is a practical possibility, why has that meatworks not been established? I did not want to mention towns, but to be frank, Peterborough would not be a satisfactory centre. In those areas, one year there are thousands of surplus fat sheep, but in the next year there might be thousands of starving stock. If a meatworks were built at Peterborough, for six months of the first year it might work profitably, but it could be idle for the next two or three years.

Mr. O'Halloran—It would be as good as Bourke in New South Wales, which has one of the biggest meatworks in Australia.

Mr. HEASLIP—I would not know about that, although I know Bourke, but that is farther from a capital city than Peterborough and therefore may have an advantage. The Government has made a realistic approach to the problem presented by the aged ewes mentioned by the Leader. Only last year the Minister of Agriculture said he would pay 3s. 6d. in freight for all those sheep sent to the abattoirs. The skin was to go to the owner, and at least the freight was almost paid for. It would be much better to send these sheep to an existing abattoirs than to build another abattoirs in the country or even in the metropolitan area that might be idle for perhaps three years. That is not a realistic or economic approach to the problem. I appreciate the sentiments of the Leader in bringing this forward, but it is not right to ask taxpayers to contribute to the extent that would be necessary to carry out such an uneconomic proposal. Although decentralization would be obtained, it would be at a high price.

I appreciate the fact that many families have to leave the country to obtain employment. That is inevitable. It is happening not only in South Australia, but throughout the world. I do not think that here we know more about the problem than anybody else in the world. Undesirable as it may be, these young people have to go to where there is employment, I am afraid that, unfortunately, we just have to accept it. It is one of the disabilities we have to face, being a rural State as we still are, although I do not think anybody would dispute that the present Government has done more than any previous Government in the way of decentralization, in the building up of Port Pirie, Port Augusta, Whyalla, Radium Hill, Leigh Creek and all those country areas where

there were no people before but where today there are model towns. That is a practical approach.

Mr. O'Halloran—A wonderful example of Socialism working satisfactorily.

Mr. HEASLIP—It is not Socialism; it is private enterprise assisted by the Government at no cost to the taxpayer, because they are all successful industries.

Mr. O'Halloran—They are owned by the Government or are semi-Government instrumentalities.

Mr. HEASLIP—But at no cost to the taxpayer; they are not a liability on the taxpayer. They are not unsuccessful industries and I don't care who owns them.

Mr. Loveday—Don't you think the Government can run a show at a profit?

Mr. HEASLIP—Unfortunately, most Government-run shows do not show a profit. I do not need to argue the point. Everybody, even honourable members opposite, will agree that Government-run shows are not as efficient as those run by private enterprise.

Mr. O'Halloran—You have just mentioned Radium Hill and Leigh Creek.

Mr. HEASLIP—Yes.

Mr. O'Halloran—They are not private enterprise shows.

Mr. HEASLIP—Private enterprise had no opportunity to come in in those two cases. You could go further to Rum Jungle where the Commonwealth Government did allow private enterprise to do it. The same could have been done at Leigh Creek or Radium Hill. Private enterprise did not have the opportunity.

Mr. O'Halloran—Private enterprise has got Crocker's Well now. Why don't they do it?

Mr. HEASLIP—If somebody picks a bone and throws the remainder to a dog, not many dogs pick it up. The honourable member for Stuart (Mr. Riches) also mentioned that no industries would have been established at Elizabeth had the Government not assisted in building factories. He is wide of the mark; that was a wild and incorrect statement. Holden's, the biggest factory out there, without any assistance from the Government, has seen fit to establish itself there.

Mr. Riches—South Australia in one way or another is subsidizing the freight on Holden's products.

Mr. HEASLIP—Holden's do not get any more freight concessions than you, I or anyone else gets. They decided to go to Elizabeth and build a factory without assistance. Pinnock is another factory out there; we were there at the opening. The Government did

not assist them in any way; they went to Elizabeth and so did dozens of other industries. They are going there and establishing themselves. The Government has assisted in building houses and establishing the work force.

Mr. Riches—Name one industry not assisted by the Government.

Mr. HEASLIP—I could not now, but many others are, or will be, going there and establishing themselves. For the honourable member for Stuart to say that there would not have been any there without Government assistance is incorrect. The Government has assisted to the extent of building homes and getting people there to form a work force. With a work force there, the factories will follow. To that extent the Government has assisted. With certain reservations I support the Bill, in the knowledge that the Industries Development Committee has to recommend the building of these factories and the leasing of them to the various industrialists.

Mr. HAMBOUR (Light)—I support the Bill without reservation because I believe there must be a degree of risk in any venture by any person or Government. How can you advance if you do not take some particle of risk in one direction or another? I have just read the Auditor-General's report, which shows that in a figure of about £3,237,000 the losses on guarantees and advances are about £23,000, which is roughly three-quarters per cent. That is an excellent record.

The Hon. Sir Thomas Playford—Even that does not take into account the profit made in the establishment of the factory at Wallaroo.

Mr. HAMBOUR—No, that is another point. That profit should have been put in and we could have said that the Industries Development Committee had not shown any losses at all. However, I am quite satisfied with the progress it has made and hope it can continue its activities and still maintain the same degree of security for the people of South Australia. To me, that is an excellent performance over a period of 17 years, the life of that committee.

Much has been said about what the Labor Party would and would not do, but I think it is agreed that what the Government has done is sound and wise and it should proceed on the course it has followed in the past. I consider this to be an excellent policy of decentralization. It is easy to go to the people and say, "We will do this, we will do that, we will appoint a Royal Commission." A Royal Commission could

make many suggestions that would send factories to the country, but would they be to the benefit and economy of the State? Much has also been said about the railways' subsidizing and further reducing freight. I would be opposed to that because, in my opinion, the railways are a big enough liability on the economy of the State as it is. We have to consider that our manufactures must be manufactured economically. What difference does it make whether the factory is at Wallaroo, Pinnaroo, Lameroo or whatever "roo" you like? We need efficiency if we want progress. I can understand why honourable members opposite are on the other side: they don't understand efficiency.

The Government is or has been prepared to build houses. It has built houses. It needs no words of mine to tell the people of this State, and the members of this House in particular, what houses have been built in the country to assist decentralization. The Government has provided finance and now it intends to find the factory buildings. I have enough confidence in the Industries Development Committee, and in the member for Stuart (Mr. Riches)—who is a member of that committee—to believe that it will not make any ill-considered recommendations. It is not denied that it is desirable to have industries in the country. I have endeavoured to assist industries in my own district with some success. Only recently a small industry in my district was found premises at a nominal rental. I asked the proprietor if he would like more money as he might be able to procure it through the Industries Development Committee, but he preferred to carry on with his own resources.

Another industry in my district was eminently suitable for expansion and I persuaded the proprietor to confer with the chairman of the committee and myself. This man had assets on which he would have had no trouble in securing about £8,000. After our conference he told me confidentially that he was quite happy to continue as he was. He did not want to borrow money because he thought that in 12 months he would be able to pay cash for what he wanted. That is sound tactics and he is the sort of man we want, for he will never lose. I suggested to a large industry in my district that the Industries Development Committee could assist it. It has been progressing slowly but surely within its own financial limitations. I was told by the proprietors that they would rather move along slowly and surely without involving themselves in any liability. I think the Opposition wants to get industries

that are working economically in the metropolitan area to move out part of their organization into the country where they would operate at a disability, and then the Government would have to give them a hefty preference in prices to maintain them.

Mr. O'Halloran—When did I say that?

Mr. HAMBOUR—I did not say you did. I said the Opposition thinks it. I believe some of the Leader's intentions are good, but not his ideas of executing them.

Mr. O'Halloran—You won't give me a chance to execute them.

Mr. HAMBOUR—It is the people of the State who won't give the Leader a chance. After all, I am only entitled to one vote. It is not a question of what we would like to do, but what we can afford to do. For any business to expand it must function economically. If its foundations are not sound it will not progress: it will be like a bubble that grows until it bursts. If this Government embarked on frivolous enterprises and by some freak of fortune the Opposition came to power and had to support an industry out of monetary balance it would push it over the cliff and it would die through the long drop. I want industries to be associated with local production or protected by way of patent. An enterprising young man recently started a business in the Speaker's district. He is making bulk handling equipment better than anyone else, and he is selling it. That is sound industrial progress. We do not want unsound industrial progress in the country; otherwise we will have what the Leader refers to as "ghost towns." If an industry is built around a personality, when that personality dies the industry disappears. There is scope for development in the country.

The Minister of Works recently gave an astounding account of what the Government has done in the country. When the people are told next March what the Government has done by way of decentralization the Opposition will be on ice without skates. The Labor Party grizzles about the concentration of industry in the metropolitan area, but when we overthrow that argument it grizzles about the concentration of industry at Elizabeth. When we counter that it grizzles about the concentration of industries in Whyalla because that is a safe Labor seat. I have never heard anything so stupid. Whyalla would not even be an electorate if the industries had not been put there, and the same applies to Port

Augusta. The Leigh Creek coalfield is in the Leader of the Opposition's district. I do not deny the Leader some credit for its development, but he cannot claim credit for its geographical position. The fuel from this field will ultimately be responsible for the transmission of power throughout the State. Mount Gambier is growing and must develop. There cannot be industries in small country towns. They must be established where there is a collected labour force. It would be ridiculous to start a shoe factory in any town in South Australia, because that industry must have the qualified artisans living nearby.

Why are shoe factories congregated at Box Hill and Collingwood in Victoria? The shoes are made there because that is where the artisans live. In the same way Whyalla will naturally develop because the necessary artisans live there, and I think Mount Gambier will become a boxmaking city. We must keep our feet firmly on the ground and not try to rise above our standing in life. Somebody on the other side interjected when the member for Rocky River suggested that we do not build factories unless they are asked for. I think it was the member for Murray who earlier in the session said:—

I ask the Government to build factories and make them available for prospective tenants. Allow me to dissociate myself completely from that proposal, because I assure members that would be a dead loss. I believe an empty factory is at present going cheaply in Gawler.

Mr. Loveday—You have only given your interpretation of what was said.

Mr. HAMBOUR—Members can read it in *Hansard*. I repeat that the proposal was that the Government build the factories and then get the tenants.

Mr. O'Halloran—Isn't that what this Bill advocates?

Mr. King—It does just the opposite.

Mr. HAMBOUR—I have discussed with the manager of an industry in the metropolitan area the possibility of his sending out some small plant to an industry in my home town which could manufacture probably as economically as the industry in Adelaide. It was pointed out to me that the material would have to be trucked 70 miles there and 70 miles back, and that would not be economic or convenient because it is desirable to synchronize production in that industry.

Honourable members may say that the motor car industry purchases ball bearings from one plant and something else from another.

That practice will obtain under this legislation, but we must be patient. We cannot build industrial empires in South Australia. We are only a little over 100 years old, and our development has been as fast as we can afford, if not too fast. We have to steady up because other things must be considered. This Bill we are now debating will be the finishing touch to a decentralization policy that should be acceptable to everybody. On the score of financial assistance, I point out that it provides for a taxation concession. I do not see how we can give any further railway concessions. Our railways are serving the State at a loss and are already being criticized by the general public. Members of Parliament may not condemn them, but I do not see them rushing around defending the railways, which I claim are providing a wonderful service to the country. If we adopt the policy of further subsidizing freight costs we will incur further losses.

Mr. STEPHENS—Government members criticize the railways much more frequently than the Opposition does.

Mr. HAMBOUR—I have only criticized the refreshment rooms. I do not believe the Government should provide cheap meals for

people who can pay more, and no-one can criticize my attitude in that regard. I now come to the question of preference to local industry, which is granted by the Government. Some preference has been given in my district, but there is a limit to what can be given. Does the Premier or the Minister of Works like instructing a departmental head to pay more than he has to pay for goods? As a matter of Government policy, there must be a limit to the preference that can be given. A fair and reasonable tolerance is allowed, but if any preference exceeds that tolerance a hue and cry will result. I am sure that a certain amount of preference will prove an added stimulant to the rural industries. The buyer must be considered, but so must the economy of the State. All in all, I think the Government can say to the people, "We are offering you as much as we think we can, and what we think will help the State to develop." I support the Bill.

Mr. LOVEDAY secured the adjournment of the debate.

ADJOURNMENT.

At 9.28 p.m. the House adjourned until Thursday, October 30, at 2 p.m.