HOUSE OF ASSEMBLY

Tuesday, November 9, 1971

The SPEAKER (Hon. R. E. Hurst) took the Chair at 2 p.m. and read prayers.

QUESTIONS

HAWKER SIDDELEY ELECTRONICS

Mr. HALL: Will the Premier say what representations the South Australian Government is making in an attempt to prevent the transfer of Hawker Siddeley Electronics Limited from its base in South Australia to New South Wales? A letter that I and, I believe, other members have received concerning this proposed move states:

The firm known as Hawker Siddeley Electronics Limited, Weapons Research area, Salisbury, will shortly be transferring its activities from South Australia to the State of New South Wales, and a very vague notice to this effect has been placed on the company notice boards. With the transfer of the company to New South Wales will also go a great deal of work associated with contracts for the Department of Supply and Government work tendered for and won by its South Australian staff and some (not all) of it at present being carried out here in the Weapons Research area by skilled designers, tradesmen and staff. This appears to us, the workers of Hawker Siddeley Electronics, a very wrong thing for the Government to allow when unemployment is of such great concern to us all throughout this State. We must stress that the worker's skills in our particular field are not in question and this is proved again by the satisfactory conclusion of ample Department of Supply tenders, both recently and in the past. Nor are the ample premises or facilities which are available to us in the Weapons Research area to be ignored. The decision to transfer is purely a Hawker Siddeley one. We earnestly request that you give this matter your urgent attention, as time is a thing that we at Hawker Siddeley Electronics, Weapons Research area, Salisbury, do not have.

As I imagine that the Premier has received a similar letter, I ask what the Government is doing in this regard.

The Hon. D. A. DUNSTAN: Members who represent the district and who are directly concerned with employment in the area have approached me about the matter. Although the company has not approached me, I have had investigations made. It is intended that the administration of the engineering division of Hawker Siddeley will be transferred to Sydney, following some changes in the contracts that the company is able to make for the future. Over some years there have been changes in the various divisions of the Hawker Siddeley organization, according to the contracts available to it. The engineering division in total will not be removed from Salisbury: only the administration of that division will be transferred to Sydney. In fact, contracts relating to engineering works have only recently been undertaken by the company, and these will involve work at Salisbury. The letter read by the Leader expresses the fears of some workmen, but it does not represent accurately what has been the situation. The Government is trying to establish with the company what will be its future in relation to the contracts it has been able to obtain, and it is seeking that more adequate communication be made with the workers involved.

KILBURN INDUSTRIES

Mr. JENNINGS: Has the Minister of Environment and Conservation a further reply to the questions I have recently asked regarding the nuisance caused by industries at Kilburn?

The Hon. G. R. BROOMHILL: In a further question regarding Kilburn industries, the honourable member provided me with specific factories that were the cause of complaints from residents in his area. The main offenders were Malleys Limited, Bradford Kendall Limited and Stewarts and Lloyds. The Director-General of Public Health has had these complaints investigated and has informed me that the problem at Malleys is in the foundry, where scrap iron is converted into pig iron, resulting in large quantities of grit being discharged from the cupola. The company has been asked to act by increasing the height of the cupola stack and fitting a suitable grit arrestor. Although no date has been given for these modifications to be completed, the Public Health Department will keep the matter under constant review. The fume produced from the Bradford Kendall foundry is ferric oxide (particle size up to 5 microns), generated during the oxygen-lancing stage of steel production. Stringent limits on this discharge are set in the proposed clean air regulations. Bradford Kendall's parent company in Sydney, which was recently visited by the Engineer for Air Pollution, has a "fumeless" pilot plant. At that time, it was not operating with full effectiveness, and the New South Wales Health Department has undertaken to inform our Public Health Department when the troubles have been fully ironed out.

Stewarts and Lloyds foundry discharges large quantities of grit from cupolas in the malleable iron foundry. The company has been made

aware of the restrictions that will apply when the proposed clean air regu'ations come into force, and of the arrestment equipment that will be necessary. The fact that this type of emission can be controlled by the company is evidenced by their Sydney factory, which recently received the Sir Philip Baxter Award for Air Pollution Control for the design and operation of control equipment on a hot-blast cupola. The Public Health Department is not aware of any action to follow this practice in the South Australian plant before the proposed regulations require it. The Director-General will keep me informed of the progress made by these three companies. The tone of the reply indicates clearly to the honourable member and to other members who are having similar problems in their various districts the urgency with which we are considering the introduction of clean air regulations.

ADELAIDE RAILWAY STATION

Mr. COUMBE: In view of the recent statements of the Minister of Roads and Transport on the question of transport, including one regarding the air space over the Adelaide railway station, to which the Minister specifically referred, wi l he review his recent reply to me when I suggested covering the Adelaide railway station platform area to provide off-street parking, which would not only be a great asset to Adelaide by relieving parking congestion in the city but which might also provide the department with income?

The Hon. G. T. VIRGO: The matter is being reviewed at present.

FORESTRY ASSISTANCE

The SPEAKER: Before calling on the member for Mount Gambier, I welcome him back after his illness and sincerely trust that he is fully restored to good health.

Mr. BURDON: Thank you, Mr. Speaker, and I also thank honourable members for their kind words of welcome. Will the Minister of Works ask the Minister of Forests to make further urgent representation to the Commonwealth Minister for National Development (Mr. Swartz) regarding the 67 per cent reduction in assistance to the South Australian Government for forestry purposes that was announced by the Commonwealth Government, through Mr. Swartz, last week? There has been a 67 per cent reduction in assistance to the South Australian Woods and Forests Department under the Commonwealth legislation, which has been renegotiated for a further five years, and this action has caused widespread concern throughout the Mount Gambier and Lower South-East areas. This reduction will place this State at a disadvantage to the extent of about $200,000 if the present arrangement is persisted in, and this assistance is vital to the softwood industry in the South-East. On behalf of the industry in the South-East and on behalf of the Woods and Forests Department, I request that urgent representation be made to the Commonwealth Government to review its recent decision. As members would be aware, the Woods and Forests Department has many long-term commitments to various private industries operating in the South-East, which are vitally concerned with the future development of the softwood industry. This industry is vital to the South-East, and we ask that these points be considered in any representations made to the Commonwealth Government, because the future activity and expansion of these industries will be seriously affected by reduced assistance to them.

The Hon. J. D. CORCORAN: I shall be pleased to place the honourable member's question and comments before my colleague. However, when the Minister was told of this decision he naturally conferred with Cabinet, and an objection was sent to the Commonwealth Government. As recently as this morning the Minister of Forests has communicated with the Minister for National Development (Mr. Swartz) about this matter, and Mr. Swartz has promised to review the decision. However, no doubt we shall have to await the outcome of that review. It seems to me that South Australia has been penalized for its initiative in this industry, and I agree with what the honourable member has said about the effect that this decision will have on the industry. Not only is the honourable member concerned but also I am concerned, as a representative for that area, and I am sure that the member for Victoria, who is also a representative for that area, would be concerned at the reduction in the assistance to be given to this State, particularly when we consider that only a 16 per cent to 18 per cent reduction was made in the amount of assistance granted to other States.

Later:

Mr. McANANEY: Can the Minister clarify his statement that the Commonwealth Government is reducing South Australian forestry funds by 86 per cent of the amount available for the previous year? The Commonwealth Minister has stated that at this stage he is having talks with the Ministers and that no decision has been made.

The Hon. J. D. CORCORAN: As I pointed out in reply to an earlier question, South Australia suffered a reduction of 67 per cent in the amount granted in respect of the previous five-year agreement, although other States suffered only a 16 per cent to 18 per cent reduction.

The Hon. Hugh Hudson: Political discrimination!

The Hon. J. D. CORCORAN: I have not said that, but it seems to be that way. One reason given for the reduction to this State was that South Australia was ahead with its softwood plantings. In that case we would be penalized or victimized because of our initiative. The Minister of Forests said this morning that he had further conferred with the Commonwealth Minister for National Development (Mr. Swartz) and had been told that Mr. Swartz would reconsider the matter. I am certain that a new five-year agreement has not been entered into, because our Minister refused to do that, so that on that basis negotiations are still continuing. It was clearly indicated by the Commonwealth Minister that this State would suffer a reduction of 67 per cent in the assistance to be granted to it in the next five-year programme.

SATELLITE CITY

Mr. RODDA: Can the Minister of Environment and Conservation say what plans, if any, have been drawn up for a satellite city? The Minister will recall that representations have been made to him from the part of the State that I and two other members represent. I especially stress the suitability of towns in my district. The Minister has received lengthy representations on behalf of Bordertown that I fully endorse. The Naracoorte promotion group has written to the Minister and to the Premier indicating the natural environs of that area and stating that this town has special characteristics, namely, about 600 acres of park lands. Moreover, the area has high and dry land in the Naracoorte range to the north and south of the existing town. The Lucindale council has stated the claims of that area, which has arable and dry land capable of civic development. The town of Penola, which is one of the major local government areas in the South-East, has high land to the east. All these areas in the South-East have an abundant supply of underground water. I know that there have also been advocates for the place known as Desert Camp, in the South-East. As I realize that this matter concerns not only the South-East but also the whole of South Australia, I ask the Minister whether he can make a general statement about this matter as it affects the whole State, also giving attention to the areas to which I have referred.

The Hon. G. R. BROOMHILL: True, in recent months the Government has been interested in the matter of decentralization. Representatives of several country areas have approached the Government suggesting that, if the Government intends to implement its general views on decentralization, their area be considered. I assure the honourable member that I am fully aware of the advantages of his district which have been drawn to my attention and which he has repeated today. The submissions made by people and councils in those areas will be taken into account when any decision is made by the Government.

TEMPORARY SEATING

Mr. HOPGOOD: Has the Attorney-General a reply to my recent question about temporary seating accommodation at places of public entertainment?

The Hon. L. J. KING: With reference to the honourable member's recent question concerning the seating arrangements at *Disney on Parade,* I am informed by the Inspector of Places of Public Entertainment that, according to the seating plan, 1,194 chairs were provided at floor level and 4,144 moulded plastic seats were provided on the tiered section of the seating. The moulded plastic seats were a decided improvement on the plank-type seating normally found in a show of this type and the sight lines between the seating and the stage were as good as one would find in a tent with a capacity of over 5,000 patrons. However, no matter how well seating is arranged, it is not economically practicable to provide a form of seating that will ensure that a small child sitting immediately behind three adults will be able to see the whole of the stage at all times. This situation exists in every type of theatre and there is no practical way to solve this problem.

SCENIC ROAD

Mr. EVANS: Has the Minister of Roads and Transport a reply to my recent question about the scenic road in the Hills?

The Hon. G. T. VIRGO: The route between Upper Sturt and Coromandel Valley to be sign-posted as part of the scenic road is at

present under review. However, none of the alternatives being considered follows the Rankey Hill road.

DRUGS

Dr. TONKIN: Will the Attorney-General ask the Minister of Health what drugs are involved in the recently reported spate of drug offences, and what evidence there is that these drugs are being imported directly into South Australia from overseas or from other States, or that they are being obtained as a result of local pharmacy breakings? In the past it has been said that South Australia (especially Port Lincoln, which is an oversea port) is one of the major entry points for drugs from countries overseas. In the last 12 months there has been an increasing number of pharmacy breakings.

The Hon. L. J. KING: I will refer the question to my colleague.

SYNTHETIC MEAT

Mr. GUNN: Has the Minister of Works a reply from the Minister of Agriculture to my recent question on the use of synthetic meat?

The Hon. J. D. CORCORAN: My colleague has informed me that the possible threat to the meat industry by the increasing use of synthetic meat has been discussed at recent meetings of the Australian Agricultural Council. At its meeting in February, 1970, the council agreed that the Animal Production Committee maintain a watching brief over developments in the manufacture and sale of synthetic meats and report to council. The subject was discussed at the recent meeting of the Animal Production Committee held in the last week of October, 1971, and will be included in the committee's report, which will be presented as an agenda item for the forthcoming meeting of the Australian Agricultural Council.

DENTAL CLINICS

Mr. CURREN: Has the Attorney-General information from the Minister of Health about whether the Government has plans to extend the school dental clinic programme to other schools in the Riverland district? Because I recently received a letter from a constituent residing in Barmera who complained of the lack of dental facilities available for the children attending school in that town, I have told the Minister of Health that I would ask this question.

The Hon. L. J. KING: My colleague states:

The Government is aware of and sensitive to the need for attention to the large amount of dental disease in the community. We are aware also that high costs prevent many people from seeking proper care. The Labor Government implemented a programme of dental care for children in 1968, and it already includes 39 per cent of the primary schoolchildren in the country areas of South Australia. There are 16 clinics in the country and two in the metropolitan area. Five more will become operational in March, 1972. There will be 15 dentists and 50 dental therapists employed in school clinics at that time. In addition, over 2,500 children will be receiving regular care at the School for Dental Therapists. A programme for pensioners is operating on Kangaroo Island, and similar services will be offered at Port Lincoln and Port Augusta from next month. The Government recognizes the dental care needs of children, pensioners, people in poverty, the physically and mentally handicapped, and those who live in areas remote from dental services. Treatment programmes are being expanded as rapidly as financial resources and trained personnel become available.

Fully operational clinics have been established in Renmark and Loxton. All primary schoolchildren in those towns now receive regular dental care and the service is being extended gradually to children from some smaller schools in the surrounding country. Development plans for 1972 and 1973 do not include Berri or Barmera because greater urgency exists elsewhere. However, if funds and trained personnel become available in the future both of these towns could be included in the programme. In the meantime, if there are children of pensioners or families enduring exceptional financial difficulties in those towns, they may approach the Regional Dental Officer (Dr. I. Liddell of Renmark) through the headmaster, who will be able to assess the problem and discuss it with the Regional Dental Officer. The parents or guardian will be responsible for the attendance of the child at the school dental clinic for appointments.

Mr. CARNIE: Can the Minister of Education say whether only primary students will receive attention at the new school dental clinic that will operate at the Cummins Area School from 1972 and, if this is so, will he take action to allow all students at the school to receive attention? About 20 minutes ago I received a letter from the Secretary of the Cummins Area School Committee, and I am sure that once again the Minister will be pleased that I am being prompt in bringing the matter to his attention. The letter states:

The Education Department has built a dental clinic at the Cummins Area School to operate from 1972. For this we are very grateful. From information received, we believe that only primary students will receive attention at the clinic. If this is so, we are

extremely disappointed, as we believe that the facilities should be available to all students at the school for the following reasons:

1. There is no practising dentist within 40 miles of Cummins.

2. The staff and the committee are striving to establish the idea that all students are a unity and part of the one school. The proposed dental care would not support this idea, which is essential in the strengthening of school life.

For these reasons, as well as the overall benefit to all students, we ask for your support in pursuing this matter with the appropriate authorities so that all students shall receive dental care at the clinic.

The Hon. HUGH HUDSON: At any school dental clinic priority is given to the primary students in organizing the work of the clinic. I think the honourable member appreciates that it is not possible suddenly to introduce a school dental clinic in an area like Cummins and cater for the whole school immediately. In addition, the rights of primary schoolchildren at neighbouring schools who can be treated at the Cummins Area School must be considered. I understand the normal procedure to be that primary schoolchildren are given priority of treatment over secondary schoolchildren simply because at the primary school age the greatest benefit can be obtained as a result of effective dental care. However, in view of the honourable member's question, I will find out in more detail how this dental clinic is intended to serve the Cummins area, and I will bring down a reply in due course.

KIRTON POINT SCHOOL

Mr. CARNIE: Will the Minister of Education say whether he intends to act in connection with ventilation of the open-space unit at the Kirton Point Primary School? On July 29, I wrote to the Minister on this matter, enclosing copy of a letter which I had received from the Secretary of the school committee and which pointed out the extreme discomfort caused to pupils towards the end of last summer, when the unit had been used for the first time. In his letter, the Secretary states that the inadequacy of the ventilation system results from the following characteristics:

Heat gain in the room due to the large area of glass and type of wall construction, insufficient volume of fresh air admitted to building to encounter the effect of heat gain, and unnecessarily high temperature of fresh air admitted to building, due to the location of the ventilating system fresh air inlet.

He also comments that the heat gain into the building can be relatively high, even on a cool, sunny day. On August 6, I received a reply from the Minister, stating that the ventilation problem was being investigated and would be remedied as soon as possible. That was three months ago, but this morning I received a further letter from the Secretary of the school committee, part of which states:

Since that date there has not been any modification to the ventilation system and neither we nor the headmaster have been advised of any plan by the Education Department to improve it. Improved conditions in the Burnside unit are essential and I have written to the Education Department in a further attempt to achieve this. However, considering the urgency of the need at this time of the year, the school committee would appreciate your pursuance of the matter also.

Therefore, I ask the Minister whether he intends to act before we get into full summer, when conditions will become oppressive again.

The Hon. HUGH HUDSON: I am pleased that the honourable member has raised this matter so promptly in response to a letter he has received from the school committee, because, as the honourable member knows, I inspected the unit at the school with him and consequent on that inspection we asked that action be taken. As I am concerned that action has apparently not been taken since my most recent letter to the honourable member about the matter, I will check urgently and see that appropriate action is taken.

CHAIN LETTERS

Mr. ALLEN: Will the Attorney-General investigate a chain letter circulating in this State at present, as I understand that the circulation of chain letters in South Australia is illegal? Doubtless, members know of the form of chain letter that circulates, with some small gift being offered as a reward. However, the chain letter to which I refer is different because money is offered as a reward. It seems that the chain letter is based in New South Wales and has a sponsor, namely, Australian Bonanza, and it seems that the sponsor receives $3 from every transaction made. It is claimed that, if a person enters and his name comes to the top of the list, he receives $12,288, and the sponsor receives $12,000 from every chain that is in existence. I have a copy of the brochure that is posted but I will read only three extracts from it. It is headed, "With compliments—Play this game legally." The chain letter is based in New South Wales and the brochure gives a business registered number, but no address. The brochure states:

Australian Bonanza Copyright, 1971. All rights reserved.

I should think they would be, with the prize I have mentioned attaching to it. The brochure also states:

This game is not illegal . . . As chain progresses and your name rises to the top of the name list, cheques or postal orders issued in your name will be forwarded to you by Australian Bonanza immediately. In case of faulty cheques, name will be removed from name list.

Will the Attorney-General investigate this chain letter?

The Hon. L. J. KING: Yes.

WRIGHT ROAD

Mrs. BYRNE: Has the Minister of Roads and Transport a reply to the question I asked on September 28 about the reconstruction and widening of a section of Wright Road, Modbury?

The Hon. G. T. VIRGO: Work on Wright Road between the North-East Road and Kelly Road, was commenced in the 1970-71 financial year, with 50 per cent Highways Department grant assistance to the Tea Tree Gully council. Further funds have been made available on the same basis for the current year. It is expected that the amount provided will enable completion of this section of road and also be sufficient to install a roundabout at the Kelly Road intersection. Plans for the roundabout are at present being prepared for Road Traffic Board approval.

POLICE BONUS

Mr. MATHWIN: Will the Minister of Works, in the temporary absence of the Premier, say whether the Government will this year pay the traditional two days' extra Christmas pay to members of the South Australian Police Force?

The Hon. J. D. CORCORAN: As the honourable member has said, this has been traditional in the past and, although it has not yet been discussed by Cabinet, I have no doubt that the Chief Secretary will be considering the matter. Even though it would not be appropriate for me to comment at this stage, I imagine that things will be all right.

ALBERTON SCHOOL

Mr. RYAN: Has the Minister of Education a reply to my recent question about when Hosie's property may be developed as a playing area to be used by students at the Alberton Primary School?

The Hon. HUGH HUDSON: The Director, Public Buildings Department, states that the ground formation work on Hosie's estate is included in a group contract for civil works at the Croydon Park Primary School and Alberton and Hendon Primary and Infants Schools which was let on October 28, 1971, with a completion time of 11 weeks. The grassing and reticulation of the area is not included in the contract, which is to be undertaken by the school committee under subsidy. A $1,500 subsidy is being held in reserve for this purpose.

TOTALIZATOR AGENCY BOARD

Mr. BECKER: Will the Attorney-General, representing the Chief Secretary, ascertain whether it was intended, when recommending the establishment of the Totalizator Agency Board, that the board should conduct betting services other than normal transactions involving win, place, quinella and daily double betting? I have here a pamphlet put out by the T.A.B. stating, in part:

	Highest dividend expected to exceed:
Commencing shortly:	
Bonanza treble: you win if you can pick the winners of three races	$1,000
Eureka jackpot: pick the winners of 4 races	$10,000
Lucky Strike jackpot: pick the winners of 5 races	$30,000
Super 6 jackpot: pick the winners of 6 races	$50,000

It's fun to have a flutter on the T.A.B. . . . You don't need to know anything about horses to take a ticket on T.A.B. Lots of people just play the numbers.

Will the Attorney-General ascertain whether his colleague supports this type of literature to promote T.A.B. and the services it offers?

The Hon. L. J. KING: I will refer the question to my colleague.

AFRICAN DAISY

Mr. McANANEY: Has the Minister of Works obtained from the Minister of Agriculture a reply to my recent question about the control of the weed African daisy in the Adelaide Hills?

The Hon. J. D. CORCORAN: The Minister of Agriculture states that he has discussed at length with departmental officers the prospects of effective control of the weed African daisy in the Adelaide Hills areas. Extensive investigations into effective methods of control have not produced to date any satisfactory alternative to manual destruction, and the honourable member will appreciate the problems

inherent in this method of control, particularly in inaccessible areas of the Adelaide Hills where the weed seems to flourish. My colleague intends to seek discussions at the forthcoming meeting of the Australian Agricultural Council on the prospects of further research by the Commonwealth Scientific and Industrial Research Organization into biological control of the daisy, in the hope that an effective weedicide can eventually be devised.

LICENSING ACT

Mr. GOLDSWORTHY: Will the Attorney-General say whether the Government intends to introduce before the end of this month (that is, before the Christmas vacation) legislation to amend the Licensing Act? I have been approached by a constituent who is at present involved in renovating hotel premises in order to provide certain facilities as a tourist attraction. Having approached the Licensing Court regarding the issue of a tavern licence (he does not wish to provide overnight accommodation), my constituent was told that he would be well advised to wait until the extensive changes to be made to the Licensing Act had been finalized. As these changes will affect the renovations that he is undertaking, the matter is one of urgency to my constituent.

The Hon. L. J. KING: The Government is planning extensive amendments to the Licensing Act, but it will not be possible to introduce a comprehensive Bill incorporating those amendments before the House adjourns on November 25. As there are perhaps three urgent matters that require attention, it is intended to introduce a Bill limited to those urgent matters before November 25, with the idea of having the measure passed through the House and assented to before Christmas. However, the comprehensive amending Bill will be introduced soon after the House resumes on February 29. Regarding the matter raised by the honourable member, I point out that there will be no provision concerning the issue of a tavern licence in the Bill to be introduced.

MINISTERS' INTERVIEWS

Mr. WELLS: Can the Minister of Local Government say whether difficulty is experienced by a citizen who wishes to interview him? Yesterday I heard a "hot line" panel discussion in which the member for Mitcham participated, and during the discussion an irate lady who was from England, judging from her accent, said she tried for three-quarters of an hour on one occasion to seek an interview with the Minister of Local Government but was not successful and had, in fact, been fobbed off or referred to the Minister's Secretary. The member for Mitcham said that he had heard this and that it was not new (that was the inference), but that it did not happen as far as his Party was concerned (or words to that effect). I therefore ask whether the lady's story is factual and whether it is difficult for citizens to interview a Minister (on this occasion, the Minister of Local Government).

Mr. Mathwin: He's always had something against the poms.

The Hon. G. T. VIRGO: For the information of the member for Glenelg, I think he will be relieved to know that this lady is not a pom, as he describes these people, although she is a migrant. I sincerely regret that the member for Mitcham made such a statement, because no-one should know better than he that it is completely untrue. Indeed, I defy the member for Mitcham or any other member to cite one case where I have refused to see anyone since I have been a Minister. I leave that challenge with members to think over, and perhaps the member for Mitcham, who realizes that he would not accept the challenge, may have the decency to apologize for his public utterance. I think it is extremely dangerous (and the member for Mitcham may realize this), because sometimes the wheel turns more quickly than one thinks it might.

Dr. Tonkin: Would you—

The Hon. G. T. VIRGO: If he remains quiet, the member for Bragg might learn something and not put his foot in it, as the member for Mitcham did. This morning, I had an interview with a lady and her husband that had been arranged some time ago. The lady who came to interview me this morning was the one who spoke to the member for Mitcham on the telephone yesterday on the talk-back programme, and she was the same lady who had been to the member for Mitcham, as one of his constituents, seeking help but not able to get it. I pose this question to members: if the member for Mitcham wants to make an untrue allegation of that nature when it affects one of his own constituents, why did he not arrange for her to see me?

Mr. MILLHOUSE: I seek leave to make a personal explanation.

Leave granted.

Mr. MILLHOUSE: I am gratified that the Minister has taken note of the talk-back programme in which I participated yesterday.

Mr. Clark: He was told about it.

Mr. MILLHOUSE: I understood that he heard it. However, he has been told about the programme and I am gratified that it was sufficiently important to be reported to him. I desire to explain that, when the lady telephoned yesterday, I recognized her voice immediately. I believe that she is a continental by birth: I would have guessed Hungarian, but I am not sure. I recognized her voice immediately because some weeks previously she had telephoned me and given me the same facts as she gave on the telephone yesterday. I remember advising her, but I must confess frankly that I cannot remember what I suggested that she do, nor did I remember yesterday that she was, in fact, one of my constituents. After all, many people from all over the metropolitan area and other parts of the State telephone me from time to time for advice. Yesterday, when she telephoned station 5DN, she made no complaint, as I understood it, against me: she complained only about the difficulty she had had in seeing the Minister. I explained then that my practice, as Minister, was to see anyone who desired to see me, if I could possibly do so.

The Hon. J. D. Corcoran: You added that qualification.

Mr. MILLHOUSE: I added it advisedly. I should be glad now if the Minister, as he has seen the lady, would give me her name and address.

The Hon. J. D. Corcoran: So that you can apologize!

Mr. MILLHOUSE: No, so that I can get in touch with her, confirm all the circumstances, and then decide whether I owe the Minister an apology.

SCHOOL BOOKS

Dr. EASTICK: Can the Minister of Education say whether there have been any alterations of substance in the implementation of the secondary school book scheme in 1972? This matter has been raised on several occasions, back as far as the first few days of this session, when the member for Kavel referred to it in the Address in Reply debate and, subsequently, when the Minister replied to a question asked by the member for Stuart. The Minister said that an adequate allowance was being made available to provide clerical assistance and that he believed that, given the opportunity, the scheme would be successful. I shall quote from a letter from a constituent of mine, a high school teacher, in which he refers to the implementation of the scheme. The letter states, in part:

At a recent conference at Elizabeth Boys Technical High School regarding the new secondary school book scheme to be introduced in 1972, we were informed that schools would be supplied with storage space in the form of a compactus unit. Having made the necessary arrangements to introduce the new scheme to our school next year, we then proceeded to obtain a compactus unit. Apparently, the information which we received at the conference could not be taken in good faith, as we have been unable to receive any satisfaction in obtaining same. Apparently, a new clause was later added and consequently only two schools satisfy the necessary conditions.

We realize that most other schools are in a similar position, but we do feel compelled to lodge this protest on behalf of our school. It appears that all sacrifices made to introduce the new book scheme must be made by the staff of the schools, as the Education Department has apparently issued the directive to introduce the new scheme and then "washed their hands" of any problems which may arise. Due to the increased number of books which the school must now handle, it seems imperative that a proportional amount of storage area be provided . . . Auxiliary staff are not provided to supervise book distribution and the teaching load of academic staff in charge of book distribution is not reduced sufficiently to cope with the tremendous amount of work required to organize the new system with such poor facilities available.

With this information, I hope the Minister will be able to say whether there have been alterations in substance to the original direction in this matter. If there has not been an alteration in substance, has the officer who led several high schools to believe that arrangements would be made for adequate storage reported to the Minister and, if he has reported, what is the effect of his report?

The Hon. HUGH HUDSON: In the course of his explanation, the honourable member has already given the lie completely to one statement made in the letter: at the outset, he said that he was aware that a grant was being made to each school for the employment of additional ancillary staff in connection with any extra clerical work associated with the scheme, yet he then quoted from the letter, saying that no help was being given to provide for auxiliary staff. I recall the exact words used because I have received the same letter, so I also know who the writer of it is. No commitment has been made at any stage in relation to the provision of compactus units, and a moment's thought would have satisfied the honourable member or his constituent (or his alleged constituent) who wrote to him on this matter. The scheme does not involve in its first year of operation any change in

the total number of books held within a school for issue to students, compared to the existing situation. The storage problems next year will be no different from what they would have been had the scheme not been introduced, and a moment's reflection would convince the honourable member of the truth of that statement.

Storage problems can arise in two ways. First, over the years as the stack of books held in a school, particularly English books, rises, there will be an increased need for the storage of books which are held by the school but which are not on issue to students in a certain year. For example, the requisite quota of copies of Hamlet and Macbeth will be issued in some future year but not this year, and they will have to be stored. As 1972 is the first year of the scheme, that problem will not arise next year. If any statement was made at a conference that compactus units would be supplied next year for that purpose, that statement was made without authority and knowledge. Secondly, regarding compactus units, whether or not we like it, they cannot be installed everywhere without, in some cases, there being extensive modifications to buildings. If the honourable member has seen a compactus unit, I think he will appreciate that it requires strong foundations. It would not be possible, for example, to install a compactus unit in a temporary classroom. Indeed, because of the weight involved, some solid-construction buildings would require reinforcement of the floor before a compactus could be installed.

The second main problem regarding storage arises partly as a consequence of the scheme and partly as a consequence that was developing within the schools in relation to the use of class sets. Several schools have been developing the class sets of books as part of the existing book arrangements and, under the new book scheme, class sets will become an even more significant feature. Many headmasters have told me that, regarding the storage of class sets, when these sets are in use at various times in various parts of the school with different classes, what is required for this purpose is not a centralized storage set-up but scattered storage spaces in various parts of the school. That is a more effective method of storing school sets than by providing a centralized compactus storage. I think there is some validity in this point, and we will have to consider the installation of special storage cupboards in various parts of the school, but the problem, in part, would have arisen anyway. Neither I nor the department has said that compactus units would be installed next year in all schools. If anyone said that, he said it without authority. We are trying to install compactus units at Norwood and Christies Beach High Schools next year: first, to work out how effective it is on a pilot basis; and secondly, because both schools are introducing the new book scheme for all years. For the benefit of Opposition members I mention that, at the Christies Beach school, of about 1,600 parents who have been contacted with relation to participating in this scheme only 12 have opted out.

At Norwood High School, it is expected that there will be nearly a 100 per cent acceptance. As these two schools, which are moving into complete adoption of the scheme at an earlier stage, are likely to encounter storage problems at an early stage, they have been given priority in respect of compactus units. The only storage problem that will arise for other schools next year will be during the vacation period, because books will be received by the school before the end of this school year and will have to be available for distribution at the beginning of 1972. There could also be a problem in respect of secondhand books which are purchased from students this year and which will be redistributed to students at the beginning of next year. It is not my opinion, or the opinion of the department (or, I am sure, of the honourable member), that special storage should be provided by the department at public expense to store books in schools during the Christmas vacation. I think the honourable member would be able to convince the individual who has written to him that storage for that purpose is not necessary and that temporary storage can be arranged. I suggest that the honourable member may care to discuss the whole question with his constituent to see whether his constituent is capable of adopting a more reasonable approach.

AGRICULTURAL MACHINERY

Mr. VENNING: Will the Minister of Roads and Transport reconsider the question of including bulk grain paddock bins in the category of farm machinery that is exempted from the registration provisions of the legislation. I have a letter from Mr. R. Pitt (Acting Secretary of the Road Traffic Board) that was sent to United Farmers and Graziers of South Australia Incorporated, an organization that had taken up this matter with the department and had requested that these field bins be

included in the Act as an item of farm machinery. It is obvious, when one reads this reply, that the officer does not know what a bulk grain paddock bin is, because the letter states:

With reference to your letter of April 23, I advise that in accordance with the board's policy to refuse the issue of permits with respect to overdimensional containers for loads which are divisible, the board advised your association that in future no permits would be issued for the transportation of grain in overwidth bins manufactured on or after September 1, 1970.

The point is that no grain is transported in these bins. The request had been made to be allowed to shift these bins from property to property, but when they are filled with wheat they cannot be moved. They can be moved from property to property only when they are empty. The letter continues:

Whilst it is appreciated that the field bins are an essential part of the harvesting equipment, they are not by definition an agricultural machine nor an implement and, therefore, the provisions of the Road Traffic Act applicable to harvesting machinery cannot be applied to storage bins.

Consequently, I ask the Minister to reconsider this question. Further, I invite him to visit my property at Crystal Brook to see what a bulk grain field bin is.

The Hon. G. T. VIRGO: I regret that the honourable member has apparently emulated the member for Mitcham in seeming to attack an officer of the department. I expect you, Mr. Speaker, heard the same remark as I did: that is, that the Acting Secretary of the Road Traffic Board did not know what he was talking about when he wrote the letter. If that is not criticism of an efficient officer, I have never heard it. I repeat that I regret that the honourable member has chosen to descend to the level of criticizing efficient officers. Although this matter has been thoroughly investigated, I shall obtain a comprehensive report, in the hope that it will satisfy the honourable member in his dilemma.

DUTHY STREET

Mr. LANGLEY: Has the Minister of Environment and Conservation, in the temporary absence of the Minister of Roads and Transport, a reply to my recent question concerning further improvements to safety measures in Duthy Street and its intersections?

The Hon. G. R. BROOMHILL: The Road Traffic Board is currently collecting data to assess the effectiveness of the treatment of various intersections with Duthy Street. Insufficient time has elapsed since the installation of traffic control measures to determine whether the treatment has been successful. This investigation will require 12 months observation and analysis. The board has carried out a comprehensive investigation of the whole area bounded by Fullarton Road, Unley Road, Cross Road, and Greenhill Road, and has submitted to the local government authority proposals for the introduction of a pilot scheme of traffic control designed to eliminate major traffic hazards and to provide residential areas which are rendered both safe and attractive by the reduction of through traffic.

DAMAGES

Mr. MILLHOUSE: Can the Attorney-General say whether the Government intends to take action, legislative or otherwise, about the proportion of damages alleged to be taken by members of the legal profession in common law actions? About 10 days ago, Mr. E. G. Whitlam (Leader of the Commonwealth Opposition) announced the Labor Party scheme for insurance to replace compensation for common law and workmen's compensation actions and he has alleged that, at present, about one-third of all damages goes into the pockets of members of the legal profession representing the litigants. This claim (or allegation) was subsequently denied in a letter from Mr. Mark Harrison (who will be my opponent at the next election). I notice that in last Saturday morning's newspaper Mr. Whitlam, in a letter to the editor, affirms his contentions and quotes his authorities for so doing. I emphatically disagree with those contentions but, if they are correct, that would be a most serious situation that the Government would no doubt want to remedy.

The Hon. L. J. KING: The only account of what Mr. Whitlam said that I have seen is the report in the press, and I have not consulted the authorities referred to by Mr. Whitlam in his letter to the editor in the *Advertiser*. However, as I understand the report of what Mr. Whitlam has said, I believe he is conveying not that a legal practitioner's charge for a plaintiff in a running down action is likely to amount to one-third of the damages recovered but rather that, taking the whole field of road accident litigation, the proportion which legal costs, paid out *in toto*, bear to the total amount of costs involved in the sum total of road accidents is one-third. In other words, what I take Mr. Whitlam as saying (although I

have not consulted the authorities to which he has referred) is that, if one takes the cost of both parties together with the costs of any appeals, new trials and the whole of the costs of litigation in the accident field, it represents about one-third of the total outlay in relation to accidents. Whether or not that is so, I just do not know. As I say, I have not personally studied the matter at all.

With regard to the situation in South Australia, the charges made by legal practitioners are based on a scale. Certainly, in my experience the costs of a plaintiff in a road accident case, except in the most exceptional case, would represent much less than one-third of the damages recovered. Although I do not know, it would not surprise me to learn that the total amount of legal costs in relation to accident litigation would represent a fairly high proportion of the whole. Whether or not it would be one-third, as I say, I have no personal means of knowing, and I have not personally studied the authorities to determine the question.

With regard to action by the South Australian Government, I can only repeat what I said in the House last week: that it seems to me that the remedy for the situation lies in the type of accident insurance plan that Mr. Whitlam has proposed. This means that, by and large, the question of fault in accident matters would become irrelevant and that members of the public would be insured through the national scheme against loss as a result of accident. However, as I understand the plan put forward, there would still be the right to claim damages in respect of non-economic factors in damages for personal injury. It seems to me that that is the way the problem might be tackled, but if it is tackled in that way it can be done only by Commonwealth legislation that a Commonwealth Labor Government would introduce. As I said last week, if a Commonwealth Government passed that legislation through the Commonwealth Parliament I have no doubt that the present Government in South Australia would be happy to co-operate with reciprocal and complementary legislation.

Mr. MILLHOUSE: Does the Attorney-General intend to follow up Mr. Whitlam's allegations concerning legal costs and particularly the authority he cited (*The Cost of Collisions*, by Butlin and Troy) to decide whether the allegations are relevant to South Australia?

The Hon. L. J. KING: No.

CHEST CLINIC

Dr. TONKIN: Has the Attorney-General obtained from the Minister of Health a reply to my recent question about the state of the building in which the chest clinic is located?

The Hon. L. J. KING: My colleague states that, in the occupied portion of Ruthven Mansions, the examination and consulting rooms, the clerical area and the passageways have been painted and are now in a satisfactory and habitable state. An inspection on October 18 of the upper floors was made. The previous accumulation of dead birds has been cleared. Pigeons are still gaining limited access to the northern sector and further measures are being considered to deal with this area.

SMART ROAD

Mrs. BYRNE: Has the Minister of Roads and Transport a reply to the question I asked on October 27 about the design of the median strip in Smart Road?

The Hon. G. T. VIRGO: To facilitate easy access to existing properties on this section of Smart Road, the carriageways are being constructed at different levels. As a consequence, the provision of median openings in the centre of this section is not practicable. Consideration is now being given, in consultation with the city of Tea Tree Gully, to the provision of a median opening 300ft. east of the North-East Road to permit vehicles to execute U turns at this point without emerging on to North-East Road, while a roundabout at the intersection of Smart Road and Reservoir Road will permit vehicles to execute a safe and convenient U turn at that point.

CAPITAL TAXATION

Mr. COUMBE: Does the Treasurer recall my asking him, about six weeks ago, whether he had read the recommendations of the Legislative Council Select Committee on Capital Taxation? If I understood him correctly, he said that, although he had not read the report, he would do so and would try to obtain a report for me on the matter. Has he now received that report and, if he has not, when does he expect to receive it and when can I expect a final reply to my original question?

The Hon. D. A. DUNSTAN: Having had a report of the committee examined by the Under Treasurer, I have received a lengthy report from him relating to these matters and I am digesting that report. When the digestion is complete, I shall be able to give the honourable member my considered opinion.

NARACOORTE CAVE

Mr. RODDA: Can the Premier, as the Minister in charge of tourism, say why the big cave at the Naracoorte cave reserve has been closed to the public? As a result of the public response, working bees were conducted and a compound was provided for wild life at the Naracoorte reserve. The fence closed off an area known as the big cave, whish had previously been used by the public. As the fence stops people from entering the cave, residents of the district and travellers are denied access to what has previously been a place that has given much pleasure as a shelter and as an ideal picnic area. I shall be pleased if the Premier can look into the matter with a view to having the area again made available to the public.

The Hon. D. A. DUNSTAN: I will look into the matter for the honourable member.

ANTI-POLLUTION DEVICES

Mr. EVANS: In the temporary absence of the Minister of Environment and Conservation, will the Premier negotiate with the Commonwealth Government to have exempted from sales tax approved automotive pollution control devices? I preface my explanation by saying that I will follow the advice that I expect the Premier to give me, and consult my Commonwealth colleagues. However, I believe that the State Government can make this move. At present, seat belts are rightly exempt from sales tax because of the benefit they give to people in the community, who wish to wear them, in increasing the safety of driving. However, as I believe that the anti-pollution devices at present available to put on motor cars to control pollution (and more will be available in the future) are not exempt, I ask the Premier to try to have them made exempt from sales tax so that people who are trying to supply, design or invent effective pollution control devices will be further encouraged by knowing that such devices will be exempt from sales tax.

The Hon. D. A. DUNSTAN: I will examine the matter.

ABORTION

Dr. EASTICK: Has the Attorney-General a reply from the Chief Secretary to my question about admissions for psychiatric treatment in relation to abortion?

The Hon. L. J. KING: My colleague states that the Criminal Law Consolidation Act was amended on January 8, 1970, and since that time and up to and including September 30, 1971, there has been a total of 6,376 admissions to institutions under the control of the Mental Health Services. Admissions of intellectually retarded patients would represent about 15 per cent of this figure. The category of patients referred to by the honourable member is not specifically covered by statistical records, owing to the fact that very few patients would be involved. However, from inquiries made, it has been established that, in the period mentioned, no patients have been admitted to mental hospitals, subsequent to being diagnosed as suffering from a psychiatric disorder relating to the obtaining of an abortion. It has also been established that no patient has been so diagnosed, subsequent to admission. In fact, from the information supplied by the Superintendents of the mental hospitals, only three cases can be recalled where the obtaining of an abortion could have been a contributing factor to the psychiatric disorder necessitating admission to hospital. Whilst the number of patients in this category who are actually admitted to hospital is minimal, it is considered that a number may be treated on a day-patient or outpatient basis in the various centres and day hospitals under the control of the Mental Health Services.

FIRE EQUIPMENT SUBSIDIES

Mr. GOLDSWORTHY: Will the Minister of Works ask the Minister of Agriculture whether the Government has considered subsidizing fire-fighting equipment purchased by landholders, along similar lines to the subsidies given in Victoria for this purpose? When I asked a similar question during last session, I was told that the matter was being investigated. A constituent has approached me again on the matter. I point out that there is an extremely high risk of bush fires this year. I understand that Victoria has set aside $4,000,000 to subsidize purchase of this sort of fire-fighting equipment.

The Hon. J. D. CORCORAN: I will inquire of my colleague.

MOUNT BARKER PRIMARY SCHOOL

Mr. McANANEY: Has the Minister of Education a reply to my question about the adequacy of the Mount Barker Primary School?

The Hon. HUGH HUDSON: The Education Department is aware of a future planned population increase in the Mount Barker area and intends that if this development takes place a number of school sites would be acquired to maintain a reasonable enrolment for each school. In terms of this planning, the present area of 7¼ acres for the Mount Barker Primary School is considered sufficient. It is intended

to engage consulting engineers to prepare drawings and specifications for levelling and drainage work at the school, in conjunction with civil works at other schools in the area. It is expected that tenders for the work will be called in about three months' time.

ADELAIDE PROMOTIONS

Mr. BECKER: Has the Attorney-General a reply to my question of October 29, 1970, about the operations of Adelaide Promotions, and can he say why there has been a delay in replying to the question?

The Hon. L. J. KING: I have no recollection of the honourable member's question on that date but, doubtless, there is some good reason why no reply has been given: I will find out what it is.

COOBER PEDY SCHOOL

Mr. GUNN: The Minister of Education was good enough to tell me last Thursday that he had a reply to my question regarding new site works at the Coober Pedy Special Rural School. Will the Minister please give that reply?

The Hon. HUGH HUDSON: I compliment the honourable member on his shirt, which gives a distinctive bit of colour to the Opposition, an Opposition that badly needs livening up a little. We are very pleased to see that the honourable member is making this kind of contribution.

The Hon. J. D. Corcoran: Do you think that indicates the colour of his politics as well?

The Hon. HUGH HUDSON: No; I think it indicates the colour of the area that he represents, particularly around Coober Pedy, with the reds, oranges and yellows. Tenders for the new site works at the Coober Pedy Special Rural School have closed, and it is expected that the recommendation for acceptance will be made soon. The Public Buildings Department states that work will start on site within four weeks of the date of acceptance and that the actual work is expected to take 20 weeks to complete.

PORT PIRIE HARBOUR

Mr. VENNING: Can the Minister of Marine say what are the Government's plans for deepening the Port Pirie harbour? I apologize to the member for the district for asking this question but, as Port Pirie is the outlet—

The Hon. D. H. McKee: If you had read the report, you would have got—

The SPEAKER: Order!

Mr. VENNING: As Port Pirie is the outlet for much grain from my district, I desire to ask this question. One reads much in the local newspaper about this matter, and a short time ago the Minister was in the area and it was reported in the press that he made certain statements about Port Pirie. I should be pleased if the Minister would tell the House the Government's present attitude and say what it intends to do about deepening (or to the contrary) the Port Pirie harbour. In asking this question, I recall that, when I previously asked whether any approach had been made to the Government about deepening the harbour at Port Pirie, the reply was "No".

The Hon. J. D. CORCORAN: The honourable member may not be aware that this matter is currently before the Public Works Committee, which will no doubt report to Parliament soon. Apart from that, I can only refer him to the statement made by the Minister of Labour and Industry and reported in the Port Pirie *Recorder*, I think last week, which gives the complete history of the matter and outlines what the Government intends to do in the future.

TEA TREE GULLY LAND

Mrs. BYRNE: Has the Minister of Education a reply to the question I recently asked him about the use of the Tea Tree Gully oval by the Tea Tree Gully Primary School?

The Hon. HUGH HUDSON: The agreement between the Minister of Education and the Corporation of the District Council of Tea Tree Gully was made on May 15, 1952, and contains the following:

1. Under the terms of the agreement the Minister paid to the corporation the sum of $750, which was to be expended by the corporation on grading, levelling and improving the recreation ground.

2. In consideration of such payment—

(1) The corporation shall permit the said recreation ground and the facilities or improvements which are or may hereafter be placed thereon to be used solely by the pupils of the Tea Tree Gully public school for sports and physical exercises on any school day until the hours of five o'clock in the afternoon and upon such days as may be agreed upon between the corporation and the head teacher of the said school provided that such pupils are accompanied by and under the supervision of one or more of the teaching staff of the said school.

(2) The corporation may from time to time, with the consent of the head master of the said school, use the said recreation ground before the hour of

five o'clock in the afternoon on school days and the Minister undertakes that such consent shall not be unreasonably or capriciously withheld.

(3) In the event of the corporation failing or refusing to permit the use of the said recreation ground in the manner and at the times set out in paragraph 2 hereof, the corporation agrees that it will repay to the Minister, on demand in writing made by him, the sum of $750 paid by him as aforesaid.

We would not view kindly a breach of the agreement by the council, and we would certainly wish to see the agreement continued.

PETROL

Mr. COUMBE: Can the Minister of Labour and Industry say whether any additional self-service petrol pumps have been installed in the metropolitan area in the past 18 months and whether any applications for additional pumps are now pending?

The Hon. D. H. McKEE: No additional pumps have been installed in the metropolitan area since I have been the Minister concerned with this matter. An expansion of this facility is being considered, and at least three more pumps will possibly be installed. Officers of the department are at present considering whether this expansion is necessary.

Mr. EVANS: Will the Minister of Labour and Industry direct his department to see whether taxi companies are selling petrol to the general public outside normal trading hours? I have been told that this practice is taking place, although service stations are available within the metropolitan area at which 20c pieces can be used to obtain petrol. I have been led to believe that taxi companies are offering a cut price direct to the public, but this may apply only to people known to the companies. Will the Minister investigate this allegation?

The Hon. D. H. McKEE: Yes.

GAUGE STANDARDIZATION

Mr. VENNING: Can the Minister of Roads and Transport give any further details in connection with linking the standard gauge railway from Adelaide to the section of standard gauge between Port Pirie and Broken Hill? Now that the ratification proposals have been agreed with the Commonwealth Minister, I ask the Minister whether he can tell the member concerned with this area where the standard gauge line extending from Adelaide will connect with the existing standard gauge line extending from Sydney to Western Australia.

The Hon. G. T. VIRGO: Obviously the honourable member is not reading *Hansard* or listening to replies given, but is asking facetious questions, or—

The Hon. Hugh Hudson: He's not with it.

The Hon. G. T. VIRGO: —he is not with it. I told the honourable member and the House previously (and I will repeat this for the honourable member's benefit) that, following the negotiations between the Commonwealth Minister and me, we were able to arrive at a solution that made the acceptance by the former Government look like child's play. We were able to gain connections for industry which the former Government, of which he was a member, had given away entirely. All in all, the State will benefit from the work done by this Government particularly in the interests of the industrial sections of the State. Following these negotiations and their satisfactory conclusion, I informed the House that the next move was to employ a firm of consultants (Maunsell and Partners) to prepare the master plan and ascertain other associated details.

At this stage the terms of reference are being compiled by the special committee, to which I referred last week. The committee met yesterday and is making satisfactory progress, but it will be some time before actual operations in the area commence. Although there has been a delay in starting this week, I point out that the benefits that South Australia has gained through having someone with a bit of drive pushing this matter will be more than justified.

BUSH FIRES

Dr. EASTICK: I understand that the Minister of Works has obtained from the Minister of Agriculture information about bush fires which I suspect is supplementary to the reply I received on the matter last Thursday. Will the Minister now provide that information?

The Hon. J. D. CORCORAN: The Minister of Agriculture states that air patrols to spot for bush fires were initiated in 1968-69 as a joint operation by the Woods and Forests Department and the Emergency Fire Services, and were again adopted in 1969-70 and 1970-71. Funds for these operations have been shared between the Woods and Forests Department and the Agriculture Department. In every year of operation tenders have been called by the Woods and Forests Department for the hire of aircraft, and in every instance the lowest tender has been accepted. In all cases, the

tendered prices have represented only the hourly flying rates for aircraft of a desired specification and pilots have provided their time free. In the first year of operation the Emergency Fire Services provided volunteer observers for each patrol. This proved satisfactory but, owing to organizational difficulties, it was decided to require the contractor to arrange for volunteer student pilots as observers in subsequent years. This decision, which was agreed to by the Director of the Emergency Fire Services, has proved satisfactory. Tenders for 1971-72 have been called on exactly the same basis as for the previous two years, and the proposals are known and acceptable to the Director of Emergency Fire Services.

CHILDREN'S HOMES

Mr. GOLDSWORTHY: Can the Attorney-General say whether any special grant has recently been made available for children's homes? This matter was referred to me at the weekend by a minister of religion, who said that he believed an announcement had been made. However, as I have no knowledge of this, I am wondering whether the Attorney-General can clarify the matter.

The Hon. L. J. KING: An annual sum is made available for children's homes, and the only change in the existing arrangements is that it has been announced that the committee set up to advise the Minister on the allocation of the money provided for youth facilities will deal with money provided for community facilities generally, including the sum for children's homes. Perhaps it was that announcement which the gentleman had in mind.

Mr. Goldsworthy: One within the last few days.

The Hon. L. J. KING: On Friday evening I addressed a seminar on youth problems, during which I set out the function of the new committee. Among the things I referred to was the allocation of moneys to the children's homes. It might be that the honourable member was present at the seminar or heard something I said there (I think some part of my speech was reported on the radio). The committee is unlikely to embark on the allocation of money to children's homes immediately. Its first work will relate to the provision of new facilities, but its long-range plans will also consist of advising the Minister on the allocation of moneys to the children's homes.

KIMBA MAIN

Mr. GUNN: Will the Minister of Works ascertain whether the property holders who border the new Polda-Kimba main could be connected to the main as soon as it passes their property? Yesterday, when I was in the Darke Peak area I was approached by some of my constituents with properties adjoining the new main who have requested that they be connected because they are about to start harvesting. As some of them are carting water, they will have to continue to take the bulk bins off their trucks during the harvesting period in order to cart water for stock. They consider that, if the Minister could expedite the connections, it would relieve the position greatly.

The Hon. J. D. CORCORAN: I shall be happy to investigate this matter.

RELAXA TABS

Dr. TONKIN: Will the Attorney-General ask the Minister of Health whether action will be taken to control the sale of Relaxa Tabs more stringently? Relaxa Tabs, being an organic bromide derivative, are, I understand, in schedule 3 of the appropriate Act, which means that they must be sold only by chemists. However, there is nothing to prevent their sale by chemists to anyone who asks for them over the counter. I have been told that more and more frequently in recent months drug dependants have been treated for the effects of Relaxa Tabs, often in association with alcohol and other drugs, more frequently than has been the case in the past. As this matter should be investigated, I should welcome the Minister's help in this regard.

The Hon. L. J. KING: I will refer the matter to my colleague.

SHELLTOX STRIPS

Mr. MILLHOUSE: The Attorney-General has been kind enough to say that he has replies to two questions for me: one concerning Shelltox strips and the other concerning Electoral Department expenses. Will he therefore give me the first of those replies?

The Hon. L. J. KING: My colleague states that the possible hazards in use of the Shelltox strip were reviewed again by the Poisons Schedules Subcommittee of the National Health and Medical Research Council at its meeting in August last. The subcommittee considered recent scientific work, including that of the Canadian Department of Agriculture, the Shell Company, American reports and also

the articles in *Choice* referred to by the honourable member. The subcommittee was satisfied that under normal conditions of use the concentration of the active ingredient, dichlorvos in the air on average does not exceed 0.05 mg/m^3 even when the strips are first hung. This concentration is well below the no-effect level of dichlorvos in air (0.2 mg/m^3).

It is not possible to obtain an air concentration of dichlorvos by the use of the strips, even by gross over-use, that will give rise to observable clinical symptoms in man. The committee concluded that the use of the strip in accordance with the directions does not cause a hazard to human health or cause residues in food that would be excessive for the purposes of the food and drug regulations. The committee believes that the criticism of the safety of the strips, as made in the articles published in *Choice,* is out of step with informed scientific opinion around the world.

MAINS FLUSHING

Dr. TONKIN: Will the Minister of Works undertake to initiate mains flushing in the Marryatville-Tusmore area? Following an explanation and reply he gave recently, I have received further complaints that the water in this area is still filthy. I understand that this is largely due to the use of Kangaroo Creek dam water. Nevertheless, as the water is available this year, it would be an ideal chance to wash the mains. I understood the Minister to say in an earlier reply that mains flushing had not been undertaken.

The Hon. J. D. CORCORAN: I did not say that mains flushing had not been undertaken.

Dr. Tonkin: In that area.

The Hon. J. D. CORCORAN: That is so. I will have this matter investigated. Only the other day Cabinet approved the allocation of $484,000 this financial year for mains flushing to see whether or not we could do anything in this area. The member referred to Marryatville, but did he mention specific streets?

Dr. Tonkin: The general area of Marryatville and Tusmore.

The Hon. J. D. CORCORAN: I will look into the matter.

STRATHALBYN PRIMARY SCHOOL

Mr. McANANEY: Has the Minister of Education a reply to my recent question on the grading of the Strathalbyn Primary School oval?

The Hon. HUGH HUDSON: The Director, Public Buildings Department, states that the grading of the Strathalbyn Primary School oval, which was carried out under contract, is to specification and that the existing levels are, in the circumstances, satisfactory for the school. The Director suggests that a meeting between an officer of his department and an officer of the Education Department and the school committee might help to clarify the situation. If this suggestion is agreeable, arrangements could be made either with Mr. Alban (28 2877) or Mr. Byrne (28 3202).

NURSE TRAINING

Dr. EASTICK: Has the Attorney-General a reply from the Chief Secretary to my question of October 21 regarding the cost of books for nurse training?

The Hon. L. J. KING: My colleague states that, with the introduction of the new curricula for nurse training, specific basic textbooks are recommended to students on entry. Additional expenditure is not expected except where associated with rising costs. All hospitals engaged in the training of nurses are required to have a library of books to cover the subjects taught in greater breadth and depth than is dealt with in basic text. This is an advantage to the student educationally and financially.

KANGAROO ISLAND DISPUTE

Mr. McANANEY: My question is directed to the Minister of Labour and Industry, and I ask it in the absence of the member for Alexandra, who would also be interested in this subject. I refer to the statement made by the trade union council that it would impose a ban on some growers on Kangaroo Island because they employed non-union labour. Bearing the circumstances in mind, I ask the Minister whether, if I were prepared to donate $100 to support the claims of these growers in court, he would lend his moral support to try to stop what I consider is a bad situation in South Australia today?

The Hon. D. H. McKEE: If the honourable member has $100 to spare, I suggest he use it in a more useful way.

Members interjecting:

The SPEAKER: Order!

The Hon. D. H. McKEE: I have received no further information on the dispute to which the honourable member has referred (the dispute could even be settled by now). However, I will obtain a report for the honourable member.

ROAD TRAFFIC RESTRICTIONS

Mr. GUNN: Can the Minister of Roads and Transport say whether the Government plans to restrict road transport in this State on similar lines to the restrictions implemented by the Walsh Labor Government in 1966-67? In a recent reply to the member for Rocky River, the Minister said that, if country people wanted railways, they would have to patronize them. The Railways Commissioner has made statements about people on Eyre Peninsula carting their grain past silos, and this has given some of my constituents cause for concern, as they are afraid the Government will try to force efficient road transport off the roads.

The Hon. G. T. VIRGO: We have what could be perhaps described as a unique situation in South Australia, because we are the only State in the Commonwealth that has not got transport control—

Mr. Gunn: Thanks to the Legislative Council!

The Hon. G. T. VIRGO: —to protect its railway system, and the net result of this will be that, when the Grants Commission meets here in February, this State will suffer an adverse decision on its grant.

Members interjecting:

The Hon. G. T. VIRGO: If we want to thank the Legislative Council, let's thank it for that—

Mr. Gunn: Don't be childish.

The SPEAKER: Order! The honourable member for Eyre has asked his question and the Minister is replying. Honourable members know it is discourteous to interject while the Minister is on his feet. The Minister is replying and the honourable member must not interject.

The Hon. G. T. VIRGO: When the honourable member interrupted me, I was trying to tell him of the current position. Prior to the 1970 State election, the Premier said that we would not re-introduce transport controls to South Australia, and we stand by that promise the same as we stand by every other promise that was made by the Premier prior to this Government's taking office.

ELECTORAL DEPARTMENT EXPENSES

Mr. MILLHOUSE: Has the Attorney-General a reply to the question I asked recently regarding Electoral Department expenses?

The Hon. L. J. KING: This is a question the honourable member raised during the course of the Budget debate. He was told that I had a reply available some time ago, but he has not sought that reply. The honourable member raised the matter on Thursday last, which was a fortnight or even three weeks after he was first told that a reply was available. The honourable member, however, for reasons of his own did not ask the question. There comes a time when the Statute of Limitations applies and the reply is left back at the office. On Thursday the honourable member said that he would like it, and it is here today.

The figure of $17,269 in fees for elections and referenda comprises the following amounts:

	$
Estimated cost of polling staff for Southern by-election, July 3, 1971	12,800
Returning Officers' fees Southern and Adelaide by-elections	3,080
Actual cost polling staff, Adelaide by-election, July 3, 1971	1,389
Total	$17,269

The actual payments for 1970-71 of $133,417 are as follows:

	$
General election, May 30, 1970: Debited in 1970-71 period, includes fees for polling staff and returning officers	75,798
Midland by-election, September 12, 1970: Fees for polling staff, returning officers	11,078
Referendum, September 19, 1970: Fees for polling staff and returning officers	46,541
Total	$133,417

MOTOR CYCLES

Dr. TONKIN: Can the Minister of Roads and Transport say whether evidence is available to show that side-stands or flip-stands installed on motor cycles contribute in any way to accidents involving motor cycles? It was suggested in the press that side-stands of motor cycles, because they projected or were not far enough off the ground, could occasionally lead to an accident when the stand hit the ground while the rider was turning a corner. As this has been suggested seriously as a contributing cause of motor cycle accidents, I should be interested to hear whether evidence is available to show that this is so.

The Hon. G. T. VIRGO: I do not know of any, but I will look at statistics to ascertain whether there is any foundation in the allegation.

BEACH EROSION

Mr. BECKER: Can the Minister of Environment and Conservation say whether the Government has considered purchasing a dredge or a barge fitted with a special sand pump to remove sand bars that are forming off our beaches? As the Minister is aware, considerable erosion has occurred on our beaches, and it is now evident that large sand bars are forming about 100yds. off the shore. Has the Government considered purchasing a barge or dredge similar to the vessel that has been operating at Surfers Paradise?

The Hon. G. R. BROOMHILL: No consideration has been given to purchasing such a vessel. The Marine and Harbors Department has been charged with the responsibility of solving engineering problems associated with the present survey for offshore sand supplies, and it will be necessary for us to place quantities of sand back on our beaches.

The Hon. J. D. Corcoran: Should we have the honourable member as a consultant?

The Hon. G. R. BROOMHILL: It has been suggested that the honourable member should be consulted, but I will refer his suggestion to the Marine and Harbors Department in order to see whether it has any merit.

ROSEWORTHY COLLEGE

Dr. EASTICK: I direct my question to the Minister of Works, representing the Minister of Agriculture, or, if the Minister of Education is able to reply to it, to him. When is it intended that the successful appointees to the senior lectureship positions advertised some weeks ago at Roseworthy Agricultural College will be announced? Although it is now some weeks since applications were called for in the press, statements have been made that applicants have been interviewed and that the names of the successful appointees will be announced later. Several members of the present staff have been placed in a difficult position in having to decide whether they should seek outside employment, because their present positions may be in jeopardy. Hence, I ask when can we expect an announcement of the successful appointees.

The Hon. J. D. CORCORAN: I am afraid that neither Minister in this House can reply to the question, but I will obtain a report from the Minister of Agriculture.

CREDIT UNIONS

Mr. MILLHOUSE: Can the Attorney-General say whether the Government intends to introduce this session (and, if it does, when) legislation on the subject of credit unions? On October 21 last, the Attorney and I were guests at the credit union dinner at which this matter was raised, and I gave him notice then that I would ask him the question in due course. I have waited for about a fortnight in the hope that he would honour the undertaking which, if my memory serves me correctly, he gave regarding this legislation, but I have heard nothing from him.

The Hon. L. J. KING: I do not know what undertaking the honourable member's memory serves him in suggesting that I gave. I assure him that, in whatever form that undertaking exists in his memory, it is wrong, because I gave no undertaking at all. I indicated on that occasion my interest in the idea of a credit union Act in South Australia, and since the dinner to which the honourable member has referred I have inquired about the present state of the matter. Also, I have received a deputation from the credit union league on this matter. The handling of this legislation would be the responsibility of the Treasurer, and my interest in the matter has only arisen because it happened that I represented the Government at that dinner. However, I have ascertained (and I am sure the Treasurer will not mind my relating it to the House) that the matter is at present with the Public Actuary, who has indicated that he has much work to do before it will be possible to introduce legislation this session.

BARLEY

Mr. GUNN (on notice):

1. How many bushels of ketch barley were bought by growers from the Agriculture Department?

2. What trials have been conducted with ketch barley in regard to its malting qualities?

3. Have such trials revealed that this barley can be mixed in bulk with existing varieties?

4. Is it expected that ketch barley will be received in bulk by the Australian Barley Board in the 1972-73 season?

The Hon. J. D. CORCORAN: The replies are as follows:

1. 642.

2. Ketch barley has been test-malted during its breeding and development. Three trial areas were set aside to produce seed during the 1970-71 season to test its malting and brewing qualities on a commercial scale. However, owing to unfavourable seasonal conditions, these areas did not produce grain of suitable quality, and the commercial test has been deferred until next year.

3. The small scale malting trials do not indicate how this strain will perform in mixtures with other varieties, or whether it will blend better with the clipper or prior varieties which are now received separately.

4. Yes, in feed grades. Receival in bulk in higher grades will depend on results of commercial scale malting and brewing tests and on the quantities likely to be produced in these grades.

EQUIPMENT LOSS

Mr. BECKER (on notice):

1. What was the value of losses or thefts of equipment from schools for each of the financial years from 1968-69 to 1970-71, respectively?

2. Who bears the cost of such losses?

3. What action is being taken to curb these losses?

The Hon. HUGH HUDSON: The replies are as follows:

1. The losses and thefts from schools over the last three financial years are valued as follows:

	$
1968-69	4,327.57
1969-70	4,861.67
1970-71	7,088.64
Total	$16,277.88

2. The replacement cost of all losses and thefts of school equipment is borne by the Education Department provided proper precautions against such losses and thefts have been taken.

3. The Education Department is well aware of the growing seriousness of this problem and the following action is being taken to curb the incidence of these losses:

(*a*) Flood lighting: Approval has recently been given for security lighting to be provided in all new schools. In addition, security lighting will be provided in existing schools where there are special security risks and as funds become available for this purpose.

(*b*) Safes: Safes are provided in all secondary schools, teachers colleges, technical colleges and selected area schools.

(*c*) Police patrols: The Education Department has obtained the co-operation of the Police Department in providing surveillance of schools when they are unoccupied. Police patrols are instructed to pay special attention to school premises in their patrol areas. In addition, the assistance of parents and public-minded citizens living on the boundaries of school premises is encouraged and these people are asked to ring police headquarters or, in country areas, the local police station, and report any unusual occurrence during times when schools are unattended.

(*d*) Locking systems: All special rooms in schools are fitted with individual keyed locks, for example, offices, bookrooms, science rooms, typing and craft rooms. In addition only one exterior door of each classroom block is fitted with a keyed lock. All other exterior doors are made secure from the inside of the building by the fitting of latch sets and bolts.

Mr. BECKER (on notice):

1. What efforts are being made to protect departmental buildings and property in both the metropolitan and country areas?

2. What is done to protect equipment purchased by parents and friends organizations with the aid of Government subsidies at all schools?

The Hon. HUGH HUDSON: The replies are as follows:

1. *Vide* No. 3 of question relating to losses and thefts of equipment from schools.

2. *Vide* No. 1.

SCHOOL FIRES

Mr. BECKER (on notice):

1. How many school buildings have been destroyed by fire in each of the last five years?

2. What was the total amount of this damage for each of these years?

3. What was the total amount of equipment destroyed by fire in each of those five years?

The Hon. HUGH HUDSON: It is not possible at short notice to provide full details of the number and cost of school buildings actually destroyed by fire. The following figures indicate the number of fires which occurred in each year, and the cost of repairs and/or replacement incurred to date, excluding uncompleted work:

Year	Number of Fires	Total damage to buildings and furniture Cost of repairs to date $
1967	3	29,200
1968	8	87,800
1969	4	38,100
1970	5	86,400
1971	7	24,500

In addition, the following amounts were met by the Education Department for the replacement of Education Department equipment and personal effects lost as a result of fires during the last five years:

	$
1966-67	48
1967-68	5,628
1868-69	4,322
1969-70	1,039
1970-71	9,368

SCHOOL CEILING FANS

Mr. BECKER (on notice): Have ceiling fans been installed in all temporary or wooden classrooms in this State? If not, why not?

The Hon. HUGH HUDSON: A 52-week contract for the installation of 3,600 fans began in April this year, the fans to be installed wherever 240-volt power is available. I thought the honourable member would have known that. Elsewhere insulation will be installed. Installation in the hottest parts of the State has been done first. Fans will only be placed in temporary buildings expected to have a life greater than three years. To date 1,584 have been installed. Early delays were caused by lack of supplies of the particular fan and, while it is impossible to give precise assurance that all fans will be installed within the 52-week period, it is expected that this will be achieved.

TOURIST BUREAU

Mr. BECKER (on notice):

1. How many staff were employed in the Adelaide office of the South Australian Tourist Bureau for each of the years 1927, 1937, 1947, 1957, 1967, and 1971 to date?

2. What new methods does the Government intend to adopt to promote tourism in South Australia?

The Hon. D. A. DUNSTAN: The replies are as follows:

1. Records of staff employed are available from 1939 onwards only. The numbers are as follows: 1939, 25; 1947, 29; 1957, 63; 1967, 66; and 1971, 70.

2. The Government is pursuing its policy of research and promotion of the State's unique tourist potential. As the answer to the honourable member's question would take about two hours to answer, I suggest that he read the press.

TRAVELLING STOCK RESERVE: TOWN OF OODNADATTA

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

That an area of 110¼ acres of the reserve for teamsters and travelling stock adjacent to the town of Oodnadatta, as shown on the plan laid before Parliament on February 23, 1971, be resumed in terms of section 136 of the Pastoral Act, 1936-1970, for the purpose of expanding the town.

DOOR TO DOOR SALES BILL

Returned from the Legislative Council with amendments.

RENMARK IRRIGATION TRUST ACT AMENDMENT BILL

The Hon. J. D. CORCORAN (Minister of Works) obtained leave and introduced a Bill for an Act to amend the Renmark Irrigation Trust Act, 1936-1971. Read a first time.

The Hon. J. D. CORCORAN: I move:

That this Bill be now read a second time.

Although this measure, of 39 clauses, looks formidable, the majority of its provisions are intended to provide for formal conversion of units of measurement of the *system internationale* units or as they are more commonly called metric units. In addition, opportunity has been taken to effect certain formal conversions from old currency to decimal currency. Although both the metric and decimal conversions generally do not effect any change of substance in the principal Act, in a few instances changes of substance have been made and these will, of course, be indicated. Quite the most significant effect of the Bill will be to increase somewhat the power of the Government to make grants and loans for works and this will be dealt with when the particular clause of the Bill is reached in the explanation of the clauses of the Bill.

To consider the Bill in some detail, clauses 1 and 2 are formal. Clause 3, which amends section 11 of the principal Act, makes a metric measurement conversion which has the effect of somewhat increasing the minimum size of the holding qualifying a person to be a member of the trust. In terms, the size has been increased from 10 acres to five hectares, an effective increase of about 2.35 acres. Clauses 4 and 5 effect formal decimal currency conversions. Clause 6 amends section 54 of the principal Act and increases the permitted petty expenditure of a committee of the trust from £20 to $100 and merely recognizes the decline in purchasing power since 1936 when the principal Act was enacted.

Clause 7 again by amending section 57 of the principal Act has increased the charge for an inspection of certain trust records from 1s. to 20c. Clause 8 effects a formal decimal conversion to section 65d of the principal Act.

Clause 9 effects what is in substance a formal metric conversion amendment; in fact, by amending section 78 of the principal Act it reduces by about one-hundredth of an acre the minimum size of a block that must be included in the assessment book kept under that section.

Clause 10 effects a formal decimal conversion to section 79 of the principal Act. Clause 11 provides, by an amendment to section 91 of the principal Act, that in future rates will be calculated on the basis of hectares rather than acres and clause 12 is consequential on this clause. Clause 13 amends section 97 of the principal Act by increasing the maximum petty cash payment that may be made from £2 to $5. Clause 14 effects a formal decimal currency conversion to section 104 of the principal Act. Clause 15 makes a similar provision in relation to section 105 and clause 16 again makes a similar provision in relation to section 114.

Clause 17 increases the penalty for an offence against section 121c of the principal Act (Disconnection of meters) from £10 to $50. Clause 18 amends section 121k of the principal Act, which relates to the installation of overhead power lines to ensure that future installations will be in accordance with approved current practice. Clause 19 amends section 123a of the principal Act and, as has already been mentioned, is the most significant provision in the Bill. Following investigations over the period from July, 1964, to January, 1966, it became obvious that new pumping and distribution facilities, together with some additional drainage, would be needed if growers within the trust were to continue in the business of fruitgrowing under irrigation. It was equally clear that the trust would need substantial assistance to meet the cost involved. On the basis of unit costs applicable in 1964-65 and on rather sketchy information as to ultimate requirements, the cost of providing new pumping facilities, rising mains, and ancillary works was estimated at $1,120,000. This was the amount requested for consideration by a Select Committee of the House of Assembly in January-February, 1966, and written into this section.

The rising mains are completed except for certain valves, inspection openings, and connecting pieces, contracts have been let for the pump support structures, pumping plant and equipment, and the control room, and tender prices have been submitted in respect of most of the ancillary works in and around the main pumping station complex. The relift pumping facilities are the only works for which firm costs have not yet been decided. Nevertheless, a realistic estimate has been made. Progress and experience so far indicate that all works under this section will be completed during the latter half of 1973 and the final cost will be $1,675,000.

The amendments now proposed do not vary the purposes for which the money made available is to be used or the general terms and conditions for repayment of the loan. However, amendments to subsections (1) and (3) provide for an increase as to the total Government expenditure from $1,120,000 to $1,675,000 whilst that for subsection (4) merely clarifies the date from which interest will accrue on the moneys made available by the Government by way of loan.

Clause 20 effects a formal decimal conversion. Clause 21 increases the interest rate of "section 141 blocks" that are contracted to be sold after the commencement of this measure from 4½ per cent to 5 per cent. I would point out to honourable members that it is highly unlikely that any agreements for sale will actually attract this provision but it has been included for the sake of consistency of interest rates on agreements.

Clauses 22, 23, 24 and 25 effect formal decimal currency amendments to the sections of the principal Act set out therein. Clause 26 again effects certain formal decimal currency amendments to section 177 of the principal Act. However, paragraph (*d*) of this clause increases the penalty for a continuing offence against subsection (4) of that section (fouling of water courses) from £1 a day to $5 a day. Clauses 27 to 33 inclusive again effect formal decimal currency amendments to the sections of the principal Act respectively set out therein.

Clause 34 amends section 185 of the principal Act and lifts the penalty for obstructing officers, etc., of the trust from £5 to $20 to make this penalty consistent with others in the Act. For the same reasons clauses 35 and 36 have also raised penalties somewhat. Clause 37 amends section 218 of the principal Act by increasing the charge for a certified copy of the by-laws of the trust from 1s. to $1. Clauses 38 and 39 make formal amendments to the third and seventh schedules of the principal Act.

This Bill is a hybrid Bill and will, in the ordinary course of events, be referred to a Select Committee of this House. I am grateful to the Opposition, which has indicated that it is willing to proceed to the stage where the Select Committee can be appointed.

Mr. RODDA (Victoria): As the Minister has said, this Bill will be referred to a Select Committee and I express to the Minister the Opposition's gratitude for making available, earlier today, copies of the Bill and the second reading explanation. We have considered these and there is not much that I wish to say now, except that the measure underlines important public works in an important industry, and the Select Committee will deal with the details, when any questions that we have can be answered. I support the Bill.

Bill read a second time and referred to a Select Committee consisting of the Hon. J. D. Corcoran, Messrs. Curren, Groth, Nankivell and Rodda; the committee have power to send for persons, papers and records, and to adjourn from place to place; the committee to report on November 18.

SOUTH-EASTERN DRAINAGE ACT AMENDMENT BILL

The Hon. J. D. CORCORAN (Minister of Works) obtained leave and introduced a Bill for an Act to amend the South-Eastern Drainage Act, 1931-1969. Read a first time.

The Hon. J. D. CORCORAN: I move:

That this Bill be now read a second time.

It substantially modifies the financial provisions of the South-Eastern Drainage Act. As this is an important measure, I shall deal with its history in some detail. In July, 1968, the South-Eastern Drainage Board advised the Minister of Irrigation that, because of rising costs of administration and maintenance of the drainage system, in addition to the need to meet the annual charge for depreciation of structures, an increase in the drainage rate from 3.75 per cent to 6.5 per cent would be required. This rate of 6.5 per cent was based on the "straight line" method of depreciating structures. In acknowledgment that such a rate would impose considerable financial hardship upon the contributing ratepayers, the board, in August, 1968, reported that by reverting to the "sinking fund" method of depreciation the drainage rate could be reduced 5 per cent. The board further suggested that the rate of 5 per cent be fixed for an interim period of two years, and that action be taken to amend the financial provisions of the principal Act with a view to providing a more equitable system of rating for the future.

Cabinet considered these problems in August, 1968, and agreed that a drainage rate of 5 per cent for the year 1968-69 was in the circumstances of the case unavoidable. Cabinet agreed that an inquiry should be made into the operation of the rating provisions of the principal Act. A committee was subsequently established comprising officers of the Treasury, Audit Department, and Drainage Board, with the Director of Lands as Chairman. Following a full examination of the circumstances of the case, the Chairman of the committee submitted an interim report to the Government on August 20, 1969. Briefly, the report stated that the amount that would be required for depreciation, management and maintenance would reach $300,000 by 1973. This amount would be beyond the financial capacity of the present ratepayers to meet. Moreover, it was regarded as more equitable that the land tax assessment of unimproved values should be used as the basis of rating within the South-East.

At a conference held in July, 1970, attended by the Minister of Works, the Minister of Irrigation, the Minister of Agriculture, members of the committee of inquiry, and representatives from the South-Eastern Drainage Board, it was agreed that steps should be taken to give effect to the alteration of the rating system in accordance with the recommendation of the committee of inquiry. This action would spread the imposition of rates more equitably over the lands benefited by the drainage operations. This proposal was subsequently submitted to Cabinet, which requested the South-Eastern Drainage Board to submit a detailed recommendation for its consideration. The board's recommendation was submitted in November, 1970, and the following were the major recommendations:

(1) that betterment rating should be discontinued;

(2) that capital contributions for scheme drains and capital repayment upon petition drains should be discontinued;

(3) that depreciation upon drainage structures should be borne out of general revenue rather than out of rate revenue;

(4) that the amount to be raised by rates should be fixed as the amount required to cover estimated management and maintenance expenses for the following year;

(5) that the present method of assessment for rates should be abolished and that in its place the land tax assessment of unimproved land value should be accepted as the basis of rating;

(6) that the landholder should be given a simple and inexpensive means of appeal against an assessment.

As honourable members are no doubt aware, these proposals have received wide publicity in the South-East, and they have been subjected to consideration and debate at a number of meetings held at various centres. No workable alternative has been suggested to the proposals. The provisions of the Bill are as follows, and it is believed that they provide the most equitable solution available in the present circumstances. Clause 1 is formal. Clause 2 provides for the Bill to come into operation on a day to be fixed by proclamation. Clause 3 removes an outmoded provision relating to the Compulsory Acquisition of Land Act and substitutes a reference to the present Land Acquisition Act, 1969. Clause 4 makes a formal amendment to the principal Act. Clause 5 inserts a number of definitions necessary for the purposes of the new Act. It should be noticed that the definition of "land" excludes land within the boundaries of a municipality, town or township. This means, in effect, that rates will not be levied upon land within a municipality, town or township.

Clause 6 inserts new section 7a in the principal Act. This section is most important. It extinguishes, as from the first day of July, 1971, any liability in respect of petition drains under Division I of Part III of the principal Act, in respect of scheme drains under Part IV of the principal Act, or in respect of drains constructed for the drainage of the eastern and western divisions of the South-East under Part IVA of the principal Act. Clause 7 repeals section 10 of the principal Act and inserts new sections 10 and 10a in the principal Act. These new sections provide for the reconstitution of the board. The board is to consist of two landholders in respect of land in the South-East, and two Government appointees. Under new section 10a the landholder members are to be appointed after an election at which all ratepayers in respect of land in the South-East are entitled to record their votes.

Clause 8 amends section 13 of the principal Act. This amendment is largely consequential upon the reconstitution of the board. Clause 9 makes a drafting amendment to section 16 of the principal Act. Clause 10 amends section 17 of the principal Act. This amendment makes it clear that the board has no duties in relation to municipal drainage. Clause 11 makes an amendment to section 22 of the principal Act which is consequential upon the enactment of the new Land Acquisition Act. Clause 12 enacts new section 48 of the principal Act. The existing provision has caused difficulty because, as the Crown Solicitor has ruled, the depreciation of structures must be met out of funds derived from the drainage rate. The amended section solves this problem. It also provides that the maximum rate that may be declared shall be a rate of three-tenths of 1c for every dollar of the total ratable value of all land subject to the rate. It is hoped to realize about $100,000 a year from the rate. Clause 13 repeals sections 49 to 56 (inclusive) of the principal Act and inserts new sections in their place. New section 49 provides that the rate shall be payable in proportion to the unimproved value of the land as assessed from time to time for the determination of land tax. Land is "ratable land" for the purposes of the new provisions if it has, in the opinion of the board, been benefited by the construction of drains and drainage works. The board is to prepare a plan of all such land, and the plan will be available for public inspection in the Central Plan Office of the Lands Department.

I will undertake to have a plan displayed in the House. This Bill will be permitted to remain on the Notice Paper for some time and may not even be dealt with before November 25, because I want not only members but all those affected by the measure to examine it, and I do not want to hear complaints that insufficient time has been given for people to examine the Bill. New section 50 provides that the board shall, as soon as practicable after it has determined that land should be ratable land for the purposes of the Act, serve the landholder with notice in writing of that determination. New section 51 constitutes an appeal board. There are to be five members of the appeal board: one, who is to be chairman, is to be a person nominated by the Minister; two are to be landholders in respect of land situated in the Eastern Division of the South-East; and two are to be landholders in respect of land situated in the Western Division of the South-East.

For the purpose of hearing any appeal, the board shall be constituted of three of those members nominated for the purpose of that appeal by the Minister. New section 52 deals with the matter of quorum and other procedural matters. New section 53 sets out the procedure by which an appeal is instituted and the powers of the appeal board on the hearing of the appeal. New section 54 provides for the payment of remuneration allowances and

expenses to members of the appeal board. New section 55 deals with the practice and procedure to be adopted by the appeal board in hearing an appeal. New section 56 invests the board with certain necessary powers that it will require for the effective hearing and disposal of proceedings under the new provisions.

Clause 14 repeals and re-enacts section 57 of the principal Act. The section gives some protection to the small landholder. It provides that, if the total amount of rates payable by any person for any year would be less than $5, no rate shall be payable by that person for that year. Clause 15 makes certain consequential amendments to section 58 of the principal Act. This section deals with the time from which rates become due and payable. Clause 16 repeals and re-enacts section 59 of the principal Act. The new section provides that, if rates are in arrears for three months, interest at the rate of 10 per cent a year is to be added to the amount of the rates. The board is empowered, however, to remit the whole or any portion of the interest payable under the new section. Clause 17 repeals sections 60 and 61 of the principal Act which will now become redundant.

Clause 18 makes a consequential amendment to section 63 of the principal Act and the heading immediately preceding that section. Clauses 19 and 20 make amendments consequential on the enactment of the new Land Acquisition Act. Clause 21 repeals Part IV of the principal Act. This Part fixed the instalments payable in respect of scheme drains. As the Bill extinguishes liability for payment in respect of scheme drains, these provisions are no longer required. Clause 22 amends the definitions in section 103 of the principal Act.

Clause 23 repeals sections 103c to 103j inclusive of the principal Act. These provisions imposed liability in respect of drains constructed under Part IVA in the Eastern or Western Divisions of the South-East, as previously defined in the principal Act. As the Bill extinguishes this liability from July 1, these provisions are no longer required. A new section 103c is inserted to provide for the removal of charges that have been registered on the title to land in pursuance of the repealed provisions. Clause 24 repeals and re-enacts section 107 of the principal Act. The amendments to this section are consequential on the preceding provisions of the Bill. Clause 25 amends section 109 of the principal Act by providing that notice may be effectively served by sending it by post to an address nominated by the person on whom service is required under the provisions of the principal Act. Clause 26 makes a drafting amendment to the principal Act.

Mr. HALL secured the adjournment of the debate.

COMPANIES ACT AMENDMENT BILL

In Committee.

(Continued from November 2. Page 2674.)

Clause 3—"Arrangement."

The Hon. L. J. KING (Attorney-General): I move:

In paragraph (*c*) to strike out "Companies" and insert "Corporations".

This is merely a drafting amendment.

Amendment carried; clause as amended passed.

Clauses 4 to 7 passed.

Clause 8—"Formation of companies."

The Hon. L. J. KING: I move:

In new subsection (3) (*a*) to strike out "fifty" and insert "one hundred".

This amendment increases the permitted number of partners in certain types of professional partnership about the present limit of 20. The intention in the Bill as introduced was to increase the number to 50. However, since then representations have been made by the accountancy bodies to the Standing Committee of Attorneys-General that partnerships of accountants on a national scale are now likely to exceed 50, and they would prefer a permitted limit of 100. I would not care to be a member of a partnership of 100 partners, because I should be liable for its negligence and other delinquencies. However, apparently some people do not mind belonging to such partnerships. It is reasonable to allow partnerships of 100 because national partnerships can extend to that degree.

Mr. MILLHOUSE: I oppose the amendment because, in common with the Attorney-General, I wonder whether anyone would enter into such a large partnership. Will the Attorney-General assure the Committee that it is intended to proclaim only the accountants, or is there any suggestion that this provision should be extended to any other professional calling?

The Hon. L. J. KING: The only calling of which I am aware that wishes to have this type of partnership is that of accountants, and that is all I had in mind. However, I would not preclude myself or the Government from proclaiming others if a good case could

be made out. Conceivably architects, for instance, might develop along similar lines, and one must consider each case and decide.

Dr. EASTICK: Without this provision we might have the ludicrous situation that these organizations could function anywhere in Australia other than in South Australia. Because this provision brings us into line with the other States and gives us the opportunities of the benefits they have found in this matter, I support the amendment.

Amendment carried; clause as amended passed.

Clause 9—"Registration of unlimited company as limited, etc."

Mr. COUMBE: It is common in many companies for a parent to place shares in the names of his children, who may be under 18 years of age. Will the Attorney-General clarify the legal position concerning this clause?

The Hon. L. J. KING: Serious problems are associated with placing shares in the names of children, because they do not have the power to dispose of them or the legal capacity to exercise rights or to vote on motions to which their consent may be needed. The proper course is to place the shares in the name of trustees, with the trustees having full legal capacity to exercise the rights on behalf of the individual beneficiaries. If this course is not adopted, great difficulties may arise. I do not favour any special provision that would enable anyone other than a properly constituted trustee to exercise rights on behalf of children. However, I cannot suggest any solution to the problem that people create for themselves when they place shares in the names of children. The problem that may arise under this Act is one aspect of the general problem arising when there are infant shareholders in a company.

Dr. EASTICK: In circumstances in which there is a change of ownership, stamp duty and other fees apply to the transfer of the assets. Is it intended that the State will forgo the duties it normally obtains from such alteration, or will each alteration require the payment of necessary duties?

The Hon. L. J. KING: The fees payable will be the ordinary fees on filing documents: there is no question of *ad valorem* stamp duties that arise when assets are transferred from one company to another. This is merely an alteration in the status of a company from unlimited to limited or *vice versa,* without any question of transferring assets.

Dr. EASTICK: If the shareholding, directors, or management is altered to coincide with such a transfer, will the situation be the same as has been detailed by the Attorney?

The Hon. L. J. KING: Yes.

Clause passed.

Clauses 10 and 11 passed.

Clause 12—"Enactment of Division IIIA of Part IV of principal Act."

The CHAIRMAN: For the benefit of members, in clauses of a Bill such as this, which inserts a series of new sections in the Act, I intend to call each new section. If an honourable member wishes to discuss a new section he should draw the attention of the Chair to that section when it is called. The question of the clause as a whole will not be put until all new sections have been called. This will be done because there are many amendments and we cannot have the position of dealing with one amendment and then going back to a matter that has preceded the amendment that has been discussed by the Committee. The number of each new section will be read out and not put as an individual question.

The Hon. L. J. KING: I move:

To strike out new section 69e and insert the following new section:

69e. (1) Where a substantial shareholder acquires or disposes of an interest in voting shares in a company, or there is any change in the nature of his interest in voting shares in a company, the substantial shareholder shall give notice in writing to the company stating his name and full particulars of the acquisition or disposal of the interest, or the change in the nature of the interest, and of any transaction resulting in the acquisition or disposal of the interest, or the circumstances by reason of which the change in the nature of the interest occurred.

(2) The notice shall be given within fourteen days after the day on which the interest is acquired or disposed of, or the change in the nature of the interest occurs.

This new section deals with a situation where a substantial shareholder, within the definition of the Bill, is required to notify the company of a change in his interests. With regard to proposed new subsection (1), it has always seemed to me to be clear that, if a substantial shareholder acquires or disposes of shares, that represents a change in his interests in voting shares in a company. However, apparently one of the draftsmen from another State had

some doubts about this, believing that new subsection (3), as included in the Bill, should be inserted. It has always seemed to me to be completely redundant but, as it will appear in the legislation in other States, it has been allowed to remain in the Bill. The member for Mitcham earlier read a letter from a solicitor that drew attention to the problems that this new subsection creates with regard to interpretation in respect of shares held in trust. This suspicion merely confirmed me in the view that I had held that we would be better off without new subsection (3). Therefore, I think the short answer to all the problems is to delete it.

Amendment carried; clause as amended passed.

Clause 13—"Obligations of borrowing corporation."

The Hon. L. J. KING: I move:

After "(5)" third occurring to strike out "and"; and after "(6)" second occurring to insert "(8) and (9)".

These amendments correct an error in drafting.

Amendments carried; clause as amended passed.

Clause 14—"Interpretation."

The Hon. L. J. KING: I move:

In new paragraph (*f*) after "agreement" to insert "other than any interest in a partnership agreement".

This amendment also corrects a drafting error.

Amendment carried; clause as amended passed.

Clauses 15 to 18 passed.

Clause 19—"Repeal of section 124 of principal Act and enactment of sections in its place."

The Hon. L. J. KING: I move:

In new section 124 (3) after "Penalty" to strike out "one" and insert "two".

This amendment increases the penalty provided from $1,000 to $2,000, making it consistent with penalties provided in other parts of the Bill.

Amendment carried.

Mr. COUMBE: New section 124a is important, having been agreed to at the request of the Standing Committee of Attorneys-General. I understand that the Queensland Government has taken action in relation to the matter. The point about buying and selling is important, although the distinction may be fine. The payment is obviously for something that he has bought. He may sell (which is not buying), but he is being paid. It may also cast a double liability on a company officer, a liability to the company that employs him and one to the purchaser with whom he makes the transaction.

Whilst this provision deals with company officers, it could deal with a company's advisers and consultants, because obviously, whilst they are not legally officers of the company, they would be privy to certain business transactions by the company, and shares and debentures have been bought or sold just before annual meetings or annual disclosures of accounts for a financial year. We are trying to stamp out this practice, and I ask the Attorney whether an officer is likely to attract double liability and whether the provision should apply also to other advisers and consultants.

The Hon. L. J. KING: Certainly, an officer of a company has a duty to the company and, if he is in breach of that duty and the company suffers loss, he would be liable to make good that loss to the company. I doubt whether there are circumstances in which he would incur double liability. There would be different losses that he would be required to make good. The subject of purchasing and selling raises interesting considerations. The provision here is that, where the officer takes advantage of inside information to sell, to the detriment of the purchaser who has not the same means of information—

Mr. Coumbe: He's called the insider.

The Hon. L. J. KING: Yes. This is the case where an insider-vendor selling to an outsider-purchaser makes a profit and the outsider-purchaser loses because he has not the same means of information. In that situation, the outsider-purchaser should have a claim against the officer who has taken advantage of his situation to cheat the purchaser. That is the provision in new section 124a. When we reverse the position and have an insider-purchaser and an outsider-vendor, the position is different, because the fact that the insider-purchaser has inside information does not affect the outsider-vendor in his decision to sell: he wants to sell his shares at the market price, and he would sell whether those shares were bought by the insider or by another outsider who did not have the special knowledge, so there is no loss by the outsider-vendor attributable to the fact that the insider-purchaser has special means of knowledge.

He would have sold his shares for the same amount regardless of whether the insider-purchaser came into the transaction. He could

not be influenced by special information, because he would have made a decision to sell independently of that special information. It seems to me that there is no case for giving an action to the outsider-vendor against the insider-purchaser. However, the insider-purchaser has taken advantage of his inside information to make a profit and, as he is acting in a fiduciary capacity, has a duty to the company, he is bound to account to the company for that profit. Different principles apply to the two situations the honourable member has mentioned.

The question whether this provision should be confined to officers or whether it should also cover persons other than officers of the company who share the inside information is an important matter that the Standing Committee of Attorneys-General is investigating. I think members, particularly the member for Torrens, realize how difficult the question is, because it becomes one of how far to cast the net. We may consider the company's solicitor, accountant, auditor, and perhaps some other persons who are advisers, and then we may get down to the solicitor's clerk, or someone who has picked up information because he had dealings with the accountant. We get a difficult situation about what is inside information.

I suppose that everyone who buys shares gets information of some kind, and sometimes it is good information and sometimes it is bad. Sometimes inside information is not worth what is asked for it, and sometimes information that is thought to be inside information turns out to be not so. It is expected (and I think the member for Torrens foreshadowed this in his second reading speech) that events will move quickly enough to foreshadow introducing another amending Companies Bill before long, perhaps before this session ends, because I think that several matters being considered must be brought into the Act, including the obligations regarding inside trading. However, it is not intended to do anything about that in this Bill.

Dr. EASTICK: The Attorney-General has laid down a fine line. Although I accept that the two situations are different, the insider seeking to purchase could place (and undoubtedly he has done this in the past) on the board a figure that is currently unrealistic and draw people to sell when they would not sell normally. One may say that, if they are willing to sell at a figure, they are true sellers, but they can be egged on to sell because the person seeking to buy has inside information and is using it against the true wishes or spirit of the Bill. The Attorney-General's comment does not seem to satisfy the situation outlined by the member for Torrens.

Clause as amended passed.

Clause 20—"Repeal of sections 126 and 127 of principal Act and enactment of sections in their place."

The Hon. L. J. KING: I move:

In new section 126 (1) (*a*) to strike out "of which the director is a registered holder or"; and to strike out "he" and insert "the director".

These amendments remove unnecessary words. The reference to a registered holder is unnecessary, since the reference to an interest in a share includes a reference to the holding of shares.

Amendments carried.

The Hon. L. J. KING: I move:

In new section 126 (1) (*b*) to strike out "which are held by the director or"; and to strike out "he" and insert "the director".

This, again, involves the removal of unnecessary words. An interest in a share includes the holding of shares.

Amendments carried.

The Hon. L. J. KING: I move:

In new section 126 (1) (*c*) after "in" second occurring to insert "debentures of, or participatory interests made available by"; in new section 126 (1) (*d*) after "in" first occurring to insert "debentures of, or participatory interests made available by"; and to strike out "in" second occurring.

The additional words were inadvertently omitted in the draft.

Amendments carried.

The Hon. L. J. KING: I move:

In new section 126 (13) to strike out "and"; and to strike out paragraph (*b*).

Paragraph (*b*) is surplusage, since an option to acquire a share is an interest in a share.

Amendments carried.

The Hon. L. J. KING: I move:

In new section 127 (2) to strike out "A notice under subsection (1) shall be given" and insert "A person required to give a notice under subsection (1) shall give the notice".

This is merely an improvement in the drafting.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 127 (2) (*a*) (iii) to strike out "became a registered holder of or".

This involves the removal of unnecessary words. An interest in a share includes the holding of shares.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 127 (5) to strike out "issued" and insert "made available"; and in subsection (6) to strike out "and" and paragraph (*b*).

The first amendment corrects a drafting error, and the second strikes out paragraph (*b*), which is surplusage, since an option to acquire a share is an interest in a share.

Amendments carried.

Mr. COUMBE: I understand that the effect of this clause is to restrain the insider in some way. As I understand it, the share register of the company will be available not only to shareholders of the company but also to the general public, and that immediately widens the scope of the provision and, I should think, places some restraint on the insider regarding some of his operations, particularly in respect of dealings of certain directors involving securities of the company. In other words, the register of the company's shareholders is being placed under public scrutiny, whereas is has been available only to the shareholders. I should like the Attorney-General to confirm this opinion.

The Hon. L. J. KING: Under new section 126 (8), the register is open for inspection, and not only a shareholder but also the public can gain access to it. The idea behind the provision is that a director should disclose his shareholding in the company, that it should be recorded in the register, and that the register should be available so that people dealing in shares in the company have the means of knowing what is the interest of the director in the equity capital of that company.

Clause as amended passed.

Clauses 21 to 24 passed.

Clause 25—"Repeal of Divisions I and II of Part VI of the principal Act and enactment of Divisions in their place."

The Hon. L. J. KING: I move:

In new section 161 after "attached" in the definition of "accounts" to insert "to".

This merely corrects a drafting error.

Amendment carried.

The Hon. L. J. KING moved:

In new section 161a (10) after "company" to insert ", a director of the company who failed to take all reasonable steps to secure compliance by the company with the provision,"

Amendment carried.

The Hon. L. J. KING: I move:

In new section 161a to insert the following new subsection:

(11) In any proceedings against a person for failure to take all reasonable steps to secure compliance by a company with a provision of this section, it is a defence to prove that he had reasonable grounds to believe and did believe that a competent and reliable person was charged with the duty of seeing that that provision was complied with, and was in a position to discharge that duty.

This is simply a rearrangement of the offences provisions. As new section 163 (1) expressly provides that that section does not apply to an offence against new section 161a, it is therefore necessary to include in new section 161a the appropriate offence provisions. New subsection (11) is identical with new section 163 (2), which can have application only to new section 161a. It has, therefore, been transferred to that new section by this amendment.

Dr. EASTICK: This provision is identical with the provision in new section 161a of the New South Wales Act of 1971.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 161b (4) after "writing" to insert "of the reasons for seeking the order"; and to strike out "stating the reasons for seeking the order".

These amendments merely improve the drafting.

Amendments carried.

The Hon. L. J. KING: I move:

In new section 162 (7) (*a*) to strike out "ensure that all known bad debts are written off and that adequate provision is made for doubtful debts" and insert "cause all known bad debts to be written off and adequate provision to be made for doubtful debts".

This simply improves the drafting.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 162 (7) (*b*) to strike out "ensure that those assets are written down to an amount which they might be expected so to realize" and insert—

"cause—

(i) those assets to be written down to an amount which they might be expected so to realize;
or

(ii) adequate provision to be made for the difference between the amount of the value as so shown and the amount which they might be expected so to realize;"

New subparagraph (ii) is being inserted on the recommendation of the accountancy bodies, which consider that an alternative method of dealing with a drop in the value of current assets should be provided in the Act. The Standing Committee of Attorneys-General agreed to this provision at their meeting in July. As the Bill stood without the amendment, it was the duty of the directors to ensure that the current assets were written down to an amount that they might be expected to realize; there actually had to be a writing down of the assets in the books of the company. It may be that it is a more convenient accounting method to make provision for the fall in value. This provision gives greater flexibility in the accounts, and it is a method that is frequently used to make provision against the fall in value of the asssets. It enables conveniently the rewriting of the value back into an asset if it depreciates for any reason. The accountancy organizations have pointed out other advantages. It will still mean that on the face of the acounts it is clear what the true value is, either because the assets are written down in the books or because there appears in the books a provision out of profits to cover a fall in the value of the assets.

Mr. COUMBE: This is a wise precaution, because we all know that stock values can fluctuate from time to time. In the case we are considering, the director must rely heavily on the advice of his officers and auditors. This highlights the dangers to which a director could lend himself even in a reputable and long-established company, either large or small. I support the amendment.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 162 (10) after "directors" second occurring to insert "(or in the case of a proprietary company that has only one director, by that director)"

This amendment covers the case where a company has only one director.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 162 (11) after "directors" second occurring to insert "(or in the case of a proprietory company that has only one director, by that director)"

This amendment is consequential on the amendment just carried.

Amendment carried.

Dr. EASTICK: My question relates back to new section 162 (7), in which the directors are charged with certain responsibilities. Can the Attorney-General say whether there is provision whereby a director who obtains an independent valuation or seeks expert outside advice, so that he is able to subscribe to the accounts as required, can obtain reimbursement? Also, will he say to what extent he may satisfy himself, or obtain the necessary information to assure himself, that he can subscribe without fear to the documents to which he is asked to subscribe?

The Hon. L. J. KING: Directors have a great responsibility and must rely on their judgment about their subordinates or their professional advisers. It is not possible for me to give advice as to how far a director should go in order to satisfy himself about these matters. The qualification of a director is to have the capacity to assess the reliability and worth of people concerned in the management of the company or of the professional advisers to the company.

Mr. COUMBE: A reputable director would be well advised to obtain membership of the Institution of Directors of Australia, which is an offshoot of an English organization. This institute, which provides much valuable information, has made representations to various State Governments and possibly to the Eggleston committee concerning this legislation, and its suggestions have been well received.

Dr. EASTICK: If a director is required to go beyond the advice available to him within the company, who reimburses him, or may he make a charge against the company? The information may not be available within the organization and the director may have to put himself to some expense in order to justify his decision.

The Hon. L. J. KING: The director may obtain the authority of his board to use the funds of the company in order to obtain further information or professional advice considered necessary in the interests of the company. Generally, he should be able to obtain that information from within the company, but if he does not, and wishes to obtain professional advice in order to satisfy himself, that would be at his own expense. He cannot recoup from the company's funds a liability he incurred to enable him to discharge his obligation as a director because he considered himself unable to do so without professional assistance. I move:

In new section 162a (1) after "directors" second occurring to insert "(or in the case of a proprietary company that has only one director, by that director)".

This is a consequential amendment.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 162a (1) (*g*) to strike out "satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts" and insert "to cause all known bad debts to be written off and adequate provision to be made for doubtful debts".

This merely improves the drafting.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 162a (1) to strike out paragraph (*i*) and insert the following new paragraph:

(*i*) whether the directors (before the profit and loss account and balance sheet were made out) took reasonable steps to ascertain whether any current assets (other than current assets to which paragraph (*g*) applies) were unlikely to realize in the ordinary course of business their value as shown in the accounting records of the company and, if so, to cause—

(i) those assets to be written down to an amount that they might be expected so to realize;

or

(ii) adequate provision to be made for the difference between the amount of the value as so shown and the amount that they might be expected so to realize;

This is consequential on an amendment already carried by the Committee and is inserted on the recommendation of the accountancy bodies.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 162a (2) to strike out "them" and insert "the directors (or in the case of a proprietary company that has only one director, by that director)."

This amendment is to cover the case where a company has only one director.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 162a (2) (i) to strike out "satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts" and insert "to cause all known bad debts to be written off and adequate provision to be made for doubtful debts".

This is merely an improvement to the drafting.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 162a (2) to strike out paragraph (*k*) and insert the following new paragraph:

(*k*) whether the directors of the holding company (before the profit and loss account and balance-sheet were made out) took reasonable steps to ascertain whether the current assets of the holding company (other than current assets to which paragraph (i) applies) were unlikely to realize in the ordinary course of business their value as shown in the accounting records of the company, and, if so, to cause—

(i) those assets to be written down to an amount that they might be expected so to realize;

or

(ii) adequate provision to be made for the difference between the amount of the value as so shown and the amount that they might be expected so to realize.

This is consequential on earlier amendments.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 163 to strike out subsection (2).

This is consequential on a previous amendment relating to the transferring of offence provisions under new section 161a.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 163 (3) after "comply" to insert "with".

This amendment corrects an error in the drafting.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 163 (4) to strike out "one" first occurring and insert "two".

This amendment increases the penalty from $1,000 to $2,000; it maintains consistency with other penalties in the Bill, and also is consistent with an earlier amendment.

Amendment carried.

The Hon. L. J. KING moved to strike out new section 165a and insert the following new sections:

165a. (1) The directors of an exempt proprietary company that is an unlimited company are not required ta appoint an auditor under subsection (1) of section 165b or subsection (1) of section 166 if—

(*a*) between the date of the commencement of this Part, or of incorporation of the company, and the date referred to in paragraph (*b*) of this subsection, no member of the company is a person other than a natural person or an exempt proprietary company that is an unlimited

company, or a corporation that, under the law of another State or of a Territory of the Commonwealth, is an exempt proprietary company that is an unlimited company; and

(*b*) all members of the company have agreed on a date not more than fourteen days after the commencement of this Part, or the incorporation of the company, that is it not necessary for the company to appoint an auditor.

(2) An exempt proprietary company that is an unlimited company is not required to appoint an auditor under subsection (3) of section 166 at an annual general meeting, whether that meeting is the first annual general meeting held after the company is incorporated as, or converts to, such a company or is a subsequent annual general meeting, if—

(*a*) at the date of the annual general meeting no member of the company is a person other than a natural person, or an exempt proprietary company that is an unlimited company or a corporation that, under the law of another State, or of a Territory of the Commonwealth, is an exempt proprietary company that is an unlimited company; and

(*b*) not more than one month before the annual general meeting all members of the company have agreed that it is not necessary for the company to appoint an auditor.

(3) Where a company that by reason of the circumstances referred to in subsection (1) or (2) does not have an auditor the secretary of the company shall record a minute to that effect in the book containing the minutes of proceedings of general meetings of the company.

(4) An exempt proprietary company that at an annual general meeting did not appoint an auditor shall at the next annual general meeting of the company appoint an auditor unless the conditions referred to in subsection (2) are satisfied.

(5) Within one month after—

(*a*) a company that by reason of the circumstances referred to in subsection (1) or (2) does not have an auditor ceases to be an exempt proprietary company or ceases to be an unlimited company; or

(*b*) a body corporate other than—

(i) an exempt proprietary company that is an unlimited company; or

(ii) a corporation that under the law of another State or of a Territory of the Commonwealth is an exempt proprietary company that is an unlimited company—

becomes a member of an exempt proprietary company that by reason of the circumstances referred to in subsection (1) or (2) does not have an auditor, the directors of the company shall appoint (unless the company at a general meeting has appointed) a person or persons or a firm as auditor or auditors of the company.

(6) A person or firm appointed as auditor of a company under subsection (5) shall, subject to this Part, hold office until the next annual general meeting of the company.

165b. (1) The directors of a company incorporated before the date of commencement of this Part that does not have an auditor, shall within one month after that date of commencement appoint (unless the company in general meeting has appointed) a person or persons or a firm as auditor or auditors of the company.

(2) If a director of a company fails to take all reasonable steps to comply with, or to secure compliance with, subsection (1) he shall be guilty of an offence. Penalty: One hundred dollars. Default penalty: Ten dollars.

(3) A person or firm appointed as auditor of a company under subsection (1) shall, subject to this Part, hold office until the next annual general meeting of the company.

Amendment carried.

Dr. EASTICK: I move to insert the following new section:

165c. (1) Notwithstanding the provisions of this Part, an exempt proprietary company that is not an unlimited company is not required to appoint an auditor at an annual general meeting, whether that meeting is the first annual general meeting, held after the company is incorporated as, or becomes, such a company or is a subsequent annual general meeting, if not more than one month before the annual general meeting all the members of the company have agreed that it is not necessary for the company to appoint an auditor.

(2) The directors of an exempt proprietary company that is not an unlimited company are not required to comply with subsection (1) of section 166 if all the members of the company have agreed on a date not later than 14 days after the incorporation of the company that it is not necessary for the company to appoint an auditor.

(3) Where a company, by reason of the circumstances referred to in subsection (1) or (2), does not have an auditor the secretary of the company shall record a minute to that effect in the book containing the minutes of proceedings of general meetings of the company.

(4) An exempt proprietary company that is not an unlimited company and that at an annual general meeting did not appoint an auditor shall at the next annual general meeting of the company appoint an auditor unless the conditions referred to in subsection (1) are satisfied.

(5) The directors of a company that by reason of the circumstances referred to in subsection (1) or (2) does not have an auditor shall lodge with the Registrar with each annual return under section 158 or 159 a copy of all accounts and group accounts (if any)

laid before the company at the annual general meeting held on the date to which the return is made up, or if an annual general meeting is not held on that date the annual general meeting last preceding that date and shall include in or attach to each annual return a certificate signed by not less than two directors of the company stating whether—

(*a*) the company has, in respect of the financial year to which the return relates—

(i) kept such accounting records as correctly record and explain the transactions and financial position of the company;

(ii) kept its accounting records in such a manner as would enable true and fair accounts of the company to be prepared from time to time; and

(iii) kept its accounting records in such a manner as would enable the accounts of the company to be conveniently and properly audited in accordance with this Act;

(*b*) the accounts have been properly prepared by a competent person; and

(*c*) the accounts give a true and fair view of the profit or loss and state of affairs of the company as at the end of the financial year.

(6) Where—

(*a*) directors of a company state in a certificate in respect of a financial year of a company that—

(i) the company did not keep such accounting records as are required by this Act to be kept;

(ii) the accounting records of the company were not kept in the manner required by this Act;

(iii) the accounts of the company have not been properly prepared by a competent person; or

(iv) the accounts of the company do not give a true and fair view of the profit or loss or state of affairs of the company;

or

(*b*) a director of a company has been convicted under subsection (2) of section 375 of an offence in relation to a certificate under subsection (5),

the directors of the company shall within one month after the date of the annual return or the conviction (as the case requires) appoint (unless the company at a general meeting has appointed) a person or persons or a firm as auditor or auditors of the company.

(7) Within one month after a company that by reason of the circumstances referred to in subsection (1) or (2) does not have an auditor ceases to be an exempt proprietary company the directors of the company shall appoint (unless the company at a general meeting has appointed) a person or persons or a firm as auditor or auditors of the company.

(8) A person or firm appointed as auditor of a company under subsection (6) or (7) shall, subject to this Division, hold office until the next annual general meeting of the company and subsection (1) shall not apply to or in relation to that company.

The member for Alexandra has canvassed the reason for this amendment which is to give exemption in certain circumstances to proprietary companies that do not need to appoint an auditor. Accountants openly fear that their profession will be unable to undertake all the audits required under this legislation. Difficulty also arises especially in the case of small family companies that cannot afford the additional cost of the audit required under the Bill. Report 5A of the *Corporation Affairs Reporter* of October 13, 1971, records details of the Victorian legislation. At page 3 the *Reporter* states that there is no compulsory audit in Victoria for some exempt proprietary companies. A provision exclusive to Victoria, which was inserted in the 1971 Bill, will enable any exempt proprietary company that is prepared to accept responsibility through its directors for its accounts to lodge copies through the Registrar and dispense with an auditor.

The amendment is similar to the provision in the Victorian legislation and provides the necessary safeguards that the Minister wishes to provide. Further, it relieves the otherwise untenable situation of there being an insufficient number of auditors to do the work that the Auditor-General requires. Although the Attorney has said that he considers that the auditing profession and the legal profession will be able to meet the additional requirements, the executive and senior members of many accountancy practices in South Australia consider that they have not the physical capacity to undertake the work.

The Hon. L. J. KING: I oppose the amendment. The Companies Act of 1934 required all companies to appoint auditors. However, in some other States at that time proprietary companies were not required to appoint auditors, with the result that in framing the uniform companies legislation a compromise was reached whereby an exempt proprietary company would not be required to appoint an auditor if all the members so agreed each year. An exempt proprietary company was a proprietary company in which none of the shares was owned by a public company. That approach is reflected in section 165(10) of the present Act, but it has not operated satisfactorily.

The exemption from the requirement to appoint an auditor has resulted in many companies failing to keep proper books of account, with the result that, when they have become insolvent and are wound up, the liquidator has been unable to ascertain the true financial position of the company, or to determine whether all assets of the company have been surrendered to him. The Eggleston committee stated in its first interim report that, since exempt proprietary companies were outside its terms of reference, it would offer no comment on the proposal to require all companies to appoint auditors.

Mr. Millhouse: Can you give me a reference to that?

The Hon. L. J. KING: I am sorry; I have not a paragraph or page reference to it. The accountancy bodies expressed general agreement with the proposal in their submissions to the Standing Committee of Attorneys-General, but they recommended that, if the members of a company were prepared to accept unlimited liability for the debts of the company, the company should not be required to appoint an auditor. The accountancy bodies throughout, in their submissions to the standing committee, agreed entirely with the proposal that exempt proprietary companies should require an annual audit, but they raised the point that, if members of the company were willing to accept unlimited liability, they should be exempt from the provisions.

The standing committee, recognizing that many family investment companies were formed for purposes other than to limit the liability of the shareholders, accepted that recommendation, and to enable existing companies to qualify for the exemption, provision has been made in clause 9 of the Bill whereby an existing limited company may convert to unlimited status. I consider that, where the members of a company avail themselves of the advantage of limited liability, they must undertake the responsibility to creditors who deal with the company.

The creditors cannot look to the personal assets of members of the company: they can look only to the assets of the company itself. Therefore, they are entitled to be assured that the financial records and accounts of the company that they may seek to see truly represent the company's position. At least as important is that properly audited accounts are a check on the directors of small companies. A small proprietary company frequently has only two shareholders, both of whom are directors, or, if it has shareholders other than directors, there are only few of them, and there is often no real accounting to shareholders who are not directors. Consequently, if the directors of a small proprietary company want to act improperly in a way that will be a fraud on the creditors, they can do so easily.

The only check on them is the auditor, and filing accounts in the Registrar's office provides no real protection or assurance that what is filed truly represents the financial position of the company. There may be hardship on a small company by way of additional expense, but the companies have the choice. They may accept unlimited liability, and there are several advantages in unlimited liability. Many small limited liability companies often have virtually unlimited liability, anyway, because if they seek an overdraft from the bank, the bank will require a personal guarantee, and it is not easy for a small company to get credit without personal guarantees given by the company's members, so limited liability is often illusory. It seems to me that, if members of a company do not wish to accept unlimited liability but seek to have a limited liability, they ought to accept the obligation about audit.

Regarding the ability of the profession to audit the books of companies, the first suggestion that I have heard of this has been from Opposition members in this Chamber. The accountancy bodies, in their submissions to the standing committee, supported this provision. No body representing accountants in this State has made any submission to me on this point, and I can only think that, if the Institute of Chartered Accountants or the Australian Society of Accountants fears that its members in South Australia could not cope with additional work, the governing body of the organization would have had the responsibility to tell me. However, I have had no such submission and, knowing the gentlemen who comprise the governing bodies of those authorities, I know they would have taken the position seriously and made the submission to me. I have no doubt that the profession will be ready and willing to accept the additional work and to discharge it satisfactorily. I see no justification for accepting the point of view that unlimited liability companies should be exempt from the obligation to have an annual audit.

[*Sitting suspended from* 6 *to* 7.30 *p.m.*]

Mr. MILLHOUSE: I understand that this amendment is in the same form as the provision in the Victorian Bill introduced a month or so ago. Although I have not been able

to check absolutely on that, I believe that that is the position, and I have therefore had a look to see what was said about it in the Victorian Parliament, and particularly what the reaction might be by the members of the Australian Labor Party in debating the Bill. I have here the copy of the *Hansard* report explaining the amendment, as the Victorian Attorney-General (Mr. Reid) explained it, and I have also the copy of *Hansard* with the reaction of members of the Party represented by members opposite. The latter is rather illuminating, in view of the opposition being offered to the provision by the South Australian Attorney-General. This is what Mr. Reid had to say about this clause in his Bill which, as I say, is similar to the amendment that has been moved by the member for Light:

Although there has been little reaction in other States and territories to the proposal for all proprietary companies to appoint auditors, there has been some objection in Victoria not only from companies but also from accountants who specialize in keeping the books of small companies.

That, of course, is an echo of what was said by the member for Light before dinner. The Victorian Attorney-General's explanation continues:

In the view of the Government the object of requiring all proprietary companies to have an auditor is to ensure that they keep proper books of account and to enable fraudulent practices to be punished. Members will recall that a special provision was made to enable exempt proprietary companies that have unlimited liability to dispense with the services of an auditor where all members agree and provided all members are private persons or other exempt unlimited companies. In order to enable any exempt proprietary company that is prepared to accept responsibility through its directors for the accounts and to lodge copies with the registrar, provision is made in section 165b to enable those companies to dispense with the services of an auditor. This provision has been introduced only by Victoria, but it is not thought to be an especially significant departure from uniformity as it will be availed of only by small local companies . . .

That is the explanation by the Victorian Attorney-General of this provision in his own Bill, at pages 1245-6 of *Hansard* of October 12. We find that the Labor Party took up the debate on October 26, and apparently a Mr. Lovegrove led for the Opposition. He made a short speech and canvassed hardly any of the provisions of the Bill at all; he spoke generally and did not even mention this. Therefore, one can assume that the Labor Party in Victoria has no objection to this provision. A Mr. R. S. L. McDonald, apparently a Country Party member, made an even shorter speech. Mr. McLaren debated the Parts of the Bill but even he, when he dealt with Part IV, had nothing to say about this provision. The debate, as far as I can tell, has not been completed in Victoria. As far as I can ascertain, this provision has been inserted in the Victorian Bill for much the same reason as has been suggested by the member for Light, and I see no reason why we should not insert it in our Bill.

However, if we find that it does not work, the legislation can be amended again, especially as the Attorney-General has said that he thought that another Bill would soon follow this one. Mr. Reid canvassed the matter of a companies commission. I am surprised that, when replying to the second reading debate, the Attorney-General did not give his views on the establishment of such a commission. At least the Victorian Attorney-General dealt with this matter, which had been recommended so strongly by the Eggleston committee.

The CHAIRMAN: The honourable member will be out of order if he further discusses any matter other than the amendment.

Mr. MILLHOUSE: I thought I might invite that comment from you, Mr. Chairman. However, I do not intend to pursue it. For the reasons given by the member for Light and those given by the Victorian Attorney-General (and apparently accepted unanimously by all Parties in the Victorian Parliament), I support the amendment.

Mr. GOLDSWORTHY: I support the amendment, which is incorporated in the Victorian legislation. It is generally recognized that Victoria is the centre of Australia's business world and that most Australia-wide companies have their head offices there. The amendment will affect only small companies, because there must be unanimous agreement by all the members of the company not more than one month before the annual general meeting. The only possible objection I can see to the amendment is that the creditors of the company might in some way not be safeguarded. However, I see no real cause for concern, because probably only a small company would be involved. The company is required to lodge its statement of accounts, which must be signed by at least two directors that the accounts are in order. I do not believe that the interest of creditors would be endangered if the amendment were passed. I consider that the amendment will save some of the smaller companies

the expense of having a complete audit. I cannot see any real validity in the argument advanced by the Attorney that it affects creditors, therefore I support the amendment.

Mr. SIMMONS: I shall be delighted to introduce the honourable member to a constituent of mine who at present faces a considerable loss (some thousands of dollars), if not ruin, as a result of the operations of a small private company over two years. I oppose the amendment.

Mr. McANANEY: I oppose the amendment. Certain advantages are derived from forming a company, but for their own protection directors of private companies should ensure that adequate records are kept. However, many directors are not experienced in bookkeeping or accountancy, so that the services of an auditor are necessary. In many cases directors are inexperienced and in some cases they are outright crooks: of course, some crooks are also involved in the trade union movement and in many other aspects of community life. Recently, I was visited by members of a small company who had certificates for many thousands of shares, but they were not recorded in the books of the company. The services of an auditor must be availed of, because the expense involved, generally a nominal sum, is worth while.

A declaration is required that the accounts have been properly prepared by a competent person, but I do not think that "competent person" is defined. Many large companies have secretaries that are not competent, and qualifications are not needed for that position, whereas accountants can give a true and fair view of the profit or loss of a company or its state of affairs at the end of a financial year. Regarding the suggestion that every member of a company that does not have an audit should sign a statement that he does not need an auditor, a director can make an accurate and honest statement only if an audit has been carried out.

Mr. Jennings: Have you ever been a company director?

Mr. McANANEY: Yes, and I have been asked by many other companies to be a director but have refused because, even with my accountancy ability, I have not the time to analyse the books and sign the declarations. The directors of some companies would sign anything to comply with the provisions of the Act, and we must guard against such practices. I do not agree with interference in individual liberties but, if a company is created, certain advantages accrue to it. An accountant spoke to my colleagues before the Bill was introduced, but he presented a view not of the accountancy profession generally but of only a small portion thereof. He was an "odd bod" from the profession.

Mr. GOLDSWORTHY: The member for Heysen said that it would be necessary for an audit to be taken before directors could sign the declaration that must be lodged; this would be a sufficient safeguard. The member for Peake said that he knew of someone that had been defrauded of many thousands of dollars in two years, but I cannot see how an audit would have saved that situation. Pursuant to the amendment, the directors are required to declare that the record is true and correct. Obviously, if such a declaration is made falsely, any shady practices in which the directors are involved will be compounded. Normally, an audit would be taken at the end of the first year, so I do not know how long it would take for someone who has been in operation for, say, two years to realize that he is being deceived. There is no requirement that the audit be made public, and I cannot see how this requirement will save someone in the situation that has been described by the member for Peake.

Mr. McANANEY: Anyone who is a company director or a chairman of a district council becomes amazed at the number of times the company secretary or a council officer asks that blank cheques be signed. If one refuses one is told, "You must think that I am a crook." This sort of thing will happen with a declaration like this. After the company director or council chairman has refused to sign the cheque, perhaps another signatory (who may not be able to add two and two together) will be asked to sign it. If he signs it, when the next blank cheque is brought to the company director or council chairman, he will be told, "When you refused to sign a cheque previously, Joe Blow was willing to sign it." Let us remember, too, that there are shady characters in trade unions and everywhere else. Because pressure is put on signatories to do things that they do not want to do, I oppose the amendment.

Dr. EASTICK: Subsequent to the remarks of the member for Mitcham about the wording of this amendment, it has been determined that it is an exact replica of the relevant provision in the Victorian legislation. The Attorney-General said that the accountancy profession had not told him that it doubted

its ability to cope physically with the additional work that this auditing would require. While the sitting was suspended for dinner, several of my colleagues confirmed that many accountants had said that they doubted whether they could cope with the additional work. Consequently, I believe that accountants, either individually or as a profession, will contact the Attorney-General very soon about the matter. The people involved have not been odd-bod accountants, as referred to by a colleague on this side: they have been executive members of the accountancy profession in this State and, bearing in mind the representations they have made to members on this side, I find it difficult to understand the Attorney-General's statement regarding their failure to make these submissions, although I do not dispute what he has said.

Regarding the Attorney's statement that the provision of returns to the Companies Office would be of little or no value, I expect he is suggesting that some of those returns might contain perjured statements. However, I do not imagine that the people concerned would submit one set of accounts to the Companies Office and an entirely different set to the Taxation Department. Someone will always try to opt out of his responsibility, and I suggest that, even with these provisions in the Bill, there will be those who will make use of any loopholes that exist and take advantage of their fellow man. I hope that the Attorney will further consider the amendment.

Mr. McANANEY: Most small companies would have to go to a taxation agent, who would almost always be an accountant and who could combine the audit with the preparation of the tax return. In these circumstances, not much expenditure would be involved. As the executive members of the accountants' association would be lecturers at the Institute of Technology or directors of large companies in Adelaide, not many independent accountants would carry out these activities as taxation agents or accountants, and that is possibly why the people concerned have not approached the Government. It is essential that every company has its books audited so that it may be aware of its trading position and function more efficiently.

Amendment negatived.

The Hon. L. J. KING: I move:

In new section 166 (7) to strike out "a" fourth occurring and insert "the".

This amendment is to correct a drafting error.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 166 (10) (*b*) to strike out "another" and insert "a".

This amendment is also to correct a drafting error.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 166 (17) to strike out "this" third occurring and insert "his".

This amendment is to correct a printer's error.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 166a (3) to strike out "under" and insert "referred to in".

This amendment is to improve the drafting.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 166b (5) after "(*b*)" to insert "he has".

This amendment is to improve the drafting.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 166b (6) to strike out "within fourteen days" and insert "as soon as practicable".

As certain company auditors have pointed out that 14 days may be insufficient to complete inquiries, they have suggested this amendment, which was approved by the Standing Committee of Attorneys-General last July.

Mr. NANKIVELL: What is the legal interpretation of "as soon as practicable"?

The Hon. L. J. KING: It is one of those phrases that courts and various people have to apply from time to time in matters such as this. I think that its meaning is fairly clear: if it is practicable to do something within a certain time, it must be done within that time. It is preferable in this type of situation to setting a definite number of days, in which it may not be practicable to carry out the obligation. It is something that can be applied in a certain case, according to the circumstances.

Amendment carried.

Dr. EASTICK: I seek information from the Attorney-General. The normal procedure is for the auditor's fees to be determined by the directors. The wording of the Bill suggests that the directors have no real say in what fees will be paid to the auditor until such time as he has presented his account. It seems to me that, with the tightening up of the provisions relating to an auditor, the way he will be appointed, and the manner in which he may be discharged, a company may be saddled with fees and expenses it cannot meet.

The Hon. L. J. KING: If there is an agreement about fees, that is the end of the matter. If there is a contractual relationship between the auditor and the company but no amount is agreed, the auditor would be entitled to reasonable fees and expenses. If the auditor is employed by the company by virtue of this provision but there is no contractual relationship, he may rely on this provision and what he is entitled to are reasonable fees and expenses, which is the same as if he were employed by the company but no agreement was reached as to his fee.

Mr. NANKIVELL: Who will determine what is fair and reasonable for auditors unless the figure is set out in the Bill?

The Hon. L. J. KING: If an auditor performs duties in circumstances where he relied on section 166c as the basis for his remuneration, he would claim what he regarded as a proper fee. If the company did not pay he would have to sue and, if he did, the court would decide what was a reasonable fee. The court would derive guidance from the scale that accountancy bodies lay down as being recommended fees for its members, but they would not be binding on the court. The court may think the recommended fee is excessive and may grant a lower amount than that recommended by the professional body or it may even grant a higher fee. Generally, guidance is obtained in this matter from the fee which is recommended by the professional body and which is usually charged and paid in relation to that type of professional work. Determining what is a reasonable fee in this case is no different from determining a reasonable fee for many other professional and non-professional services, where in many cases the services are rendered without any express agreement as to the total fee or hourly fee but in relation to what is normally charged for that service.

Mr. McANANEY: I support the member for Mallee and do not see why the matter should necessarily go to a court. Surely it could be done by an arbitrator or the board that issues licences to auditors, rather than cause legal expenses to be incurred. Perhaps in the amending Bill, which the Attorney suggests may be introduced before the end of this session, a different approach to this matter should be considered and an arbitrator, such as the auditors board, authorized to assess what is a reasonable fee.

The Hon. L. J. KING: I move:

In new section 167 (2) (*a*) (i) after "162" to insert "(or in the case of a prescribed corporation within the meaning of section 167c, by this Part)".

Life insurance companies and banks are not required to prepare accounts in accordance with the Companies Act. It is, therefore, inappropriate to require the auditor to certify that the accounts of these companies and banks, prepared in accordance with the Commonwealth law, comply with section 162. Life insurance companies and banks are not required to prepare accounts in accordance with the Companies Act because they are required to prepare accounts in accordance with their own Commonwealth Act, and it would be inappropriate to require them to prepare accounts on two different and, perhaps, conflicting principles.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 167 (8) to strike out "as a result of his investigation of the company's accounting records and other records" and insert "in the course of the performance of his duties as auditor of a company".

This amendment improves the wording and was recommended by accountancy bodies and accepted by the Attorneys-General.

Amendment carried.

Dr. EASTICK: In subclause (8) the Attorney General asks that the auditor become, in effect, a police officer for the Registrar. In terms of other provisions, the auditor would want to safeguard his position. If he knew of deficiencies in the accounts that he was auditing and that he might subsequently be involved if there were an inquiry, he would want an assurance that the information required was being passed on to the correct authority. This gives him the right to decide whether his qualification regarding the accounts or recommendation to a particular company would be carried out, and whether the company would accept the responsibility to place the matter before the Registrar. Is the Attorney happy that this provision safeguards the auditor in his professional integrity?

The Hon. L. J. KING: I suppose it may be said that in this connection the auditor will perform some of the functions of a policeman. Indeed, they are honourable functions, as are the functions of a police officer in society, and I would certainly not regard that as a derogatory remark about the duty imposed on an auditor. If the auditor is required by the Bill to examine the accounts of a company, and the directors do not accede to the auditor's request regarding what they are to report upon, the only course open to the auditor is to report those matters to the Registrar. The fact that it has legal duty under the Bill to report to the Registrar will greatly strengthen his hand in persuading the directors that they

should include in their report the information that the members of the company and the public should have.

It seems a perfectly proper part of an auditor's function, if the directors will not comply with his request, to report the matter to the appropriate authority so that the members of the company and the public can know that the auditor has found something in the company's accounts that requires comment and that the directors refuse to bring that information to light.

Mr. NANKIVELL: I agree with the member for Light that an obligation is being imposed on the auditor. It does not provide that action should be taken if something has not been done; the matter rests on the opinion of the auditor regarding whether it may not be done. It may well be that the breaches of non-observance with which the auditor is concerned, if reported to the directors or other people, may be corrected. As the member for Light said, this is more like the functions of a policeman rather than an advisory or supervisory action.

The Hon. L. J. KING: It is important that the honourable member have regard to what is required in the circumstances. The new subsection provides that, if an auditor as a result of his investigation of a company's accounting and other records is satisfied that there has been a breach or non-observance of any of the provisions of the Act, and that the circumstances are such that in his opinion the matter has not been or will not be adequately dealt with by comment in his report on the accounts or group accounts, or by bringing the matter to the notice of the directors of the company or, if the company is a subsidiary, of the directors of its holding company, he shall forthwith report the matter in writing to the Registrar. The auditor therefore must ask whether there has been a breach or non-observance of the Act and, having reported on the matter, as he must, whether that will adequately meet the situation. It is only if he believes it will not adequately meet the situation that he is required to bring the matter to the attention of the Registrar. This provision is important because without it the whole matter gets nowhere. If the auditor concludes that merely by commenting on a problem he will not remedy the situation and if he is satisfied that the directors will not do anything effective to remedy it, there is no way of dealing with the problem other than to report it to the Registrar.

Mr. McANANEY: In examining the accounts of Government departments, the Auditor-General comes across many errors that are brought to the notice of the departments; in most cases those errors are corrected and therefore do not need to be referred to in the Auditor-General's Report. However, if the errors are not corrected the Auditor-General will refer to them in his report to Parliament. When a report is made about a company to the Registrar, I trust that he will be more expeditious in doing his job than Parliament sometimes is, because Parliament ignores most of the comments of the Auditor-General about accounts or procedures not being in order. As a result, he has to report on the same matters in his next report. Much as I dislike the principle of an auditor having to carry out this duty, I think it is the only course he can take. If we are to have a system with fewer loopholes than there have been in the past, we will have to accept this idea.

Dr. EASTICK: Does the Attorney-General agree that it will become almost mandatory for the auditor to acquaint himself with every public utterance by the organization whose books he is auditing? He may fear that a matter will not be corrected by a company board, but he may not become aware that it has not been corrected until the board makes its annual report or issues a public statement. If, for example, the auditor was out of the State, he might not be able to answer all the criteria in these provisions. I agree with the provisions, but I want to ensure that an auditor will not be called to task in connection with a position that is impossible for him to control adequately.

The Hon. L. J. KING: I do not think there is any great difficulty about this matter. Obviously, an auditor who observes something in a company's accounts that requires qualification in his report and calls on the directors to report on that to members of the company will read the directors' report to see whether the request has been carried out. This is a normal and sensible part of an auditor's duty, and for his own protection he would want to see that the directors had brought to the attention of the members of the company and the public the matters that the auditor considered should be brought to their attention. True, auditors will leave the State, but most auditors have staff and partners, and the like, and it is always someone's duty to keep an eye on the business of the auditor in his absence. I do not

really think that, from a practical point of view, there is any problem about this.

Dr. EASTICK: The Attorney-General is saying that the onus is on the auditor to make sure that either he or a member of his staff is present at all public meetings of the company for which he is an auditor.

The Hon. L. J. KING: I am not saying that: I thought the honourable member understood that. There are such things as annual accounts, directors' reports and statutory reports and, in practice, the auditor would say to the directors, "Here is something I have observed in your accounts. I wish you to place a note on the annual accounts qualifying them to the extent I have indicated," or he would ask the directors to insert a passage in their report, drawing attention to something. That is where the auditor would like to see whether the directors had complied.

Mr. NANKIVELL: We are not objecting to the fact that the auditor must make a report, but I think it is unfortunate that it is not obligatory, if action is not taken after the report is made. Although I do not believe that the provision, as it is worded, represents a proper course of action, I agree in principle with what the Attorney-General has implied is intended.

The Hon. L. J. KING: I think there is a misunderstanding here. The clause provides that if the circumstances are such that in the auditor's opinion a matter has not been or will not be adequately dealt with by a comment in his report, he makes the report to the Registrar; he is not required to do it at any time, so that he chooses his own reasonable time in which to do it. In practice, in a situation such as this, the auditor will say to the directors, "I have observed certain things. I think you should note a qualification on your accounts or insert a passage in the directors' report," and the directors will say generally either that they will or will not do this. If they say they will, he waits for the reports and the accounts to see that they have carried out their undertaking and, if they have carried it out, the matter ends. However, if they do not, in the auditor's opinion the matter has not been dealt with, and he reports it. If the directors say to him, on the other hand, "No, we will not insert any passage in the report, and we will not qualify our accounts," obviously, it has not been dealt with. If he forms the opinion that it will not be adequately dealt with (because the directors have indicated that they will not do it), he reports on that basis.

Mr. NANKIVELL: How does an auditor know that the directors will not do something until they have had the opportunity to show good faith? If they have not done something after the auditor has drawn their attention to the matter in question, I agree that he should forthwith report it as a misdemeanour. However, as I understand it, the auditor has discretionary power and can anticipate what the directors may or may not do. I believe there is some justification for questioning the present wording.

The Hon. L. J. KING: The position may well arise in which an auditor, having observed something in the accounts, brings it to the attention of the directors and advises them that it should be rectified by a certain course of action in the future. The directors might say, "Yes, that is a reasonable thing. We will do this and see that next year all this is rectified in the way the auditor has advised." The auditor may be satisfied that this will happen. In those circumstances, is it reasonable that he should be required to report the directors when it has not been done but in his opinion it will be dealt with by a certain course of action? That is why there are the two things: first, if the circumstances are such that, in his opinion, the matter has not been dealt with or will not be dealt with adequately; and secondly, if it has not been done but he considers that it will be dealt with adequately, he does not make the report. Some situations are dealt with by immediate action and the auditor might say, "That has not been done." In other situations the auditor might advise that certain corrective measures should be taken and, if he thinks that they will be taken, there is no need to make the report. I see no trouble about the wording. It must depend on the auditor's opinion, because he is responsible. It is for him to decide whether what has been done or will be done is adequate to meet the situation.

Mr. NANKIVELL: I accept the Attorney's explanation.

The Hon. L. J. KING: I move:

In new section 167b to insert the following new subsection:

(3) This section does not limit or affect any other right, privilege or immunity that an auditor has as defendant in an action for defamation.

New section 167b confers qualified privilege on auditors. An opinion has been expressed

by the New South Wales Law Reform Commission that the new section actually weakens the auditor's position and may involve some reversal of the onus of proof. However, I have doubts about this. The new subsection is designed to ensure that the auditor is not deprived of his own common law rights. I do not think there is any need for new section 167b at all. The auditor's report, under the ordinary law of defamation, is a statement made on a privileged occasion, and in common law what is called qualified privilege would apply. That means that it is not actionable for defamation unless the plaintiff can show that the auditor was actuated by malice in what he said: really, new section 167b says just that, so all that it does is give statutory form to the common law position. It has been pressed on the standing committee that details of common-law procedure should be placed in the Companies Act, where it will be readily accessible and be able to reassure an auditor who may not have a general knowledge of the law but would look to the Companies Act to see what are his duties and who may be worried when making a report whether he is exposing himself to an action for defamation. Therefore, new section 167b was placed in the Bill. I seek leave to amend my amendment as follows:

After "auditor" to insert "or other person".

Where someone who is not the auditor publishes an auditor's report it is necessary to ensure that nothing in new section 167b affects his decision adversely.

Leave granted; amendment amended.

Mr. McANANEY: Mr. Chairman, I draw your attenion to the state of the Committee.

A quorum having been formed:

Dr. EASTICK: The Attorney said that this section was not necessary but that fears had been expressed about it. Because he has seen fit to move this amendment, he has shown that there is every intention of making the situation appear just. I support the amendment.

Amendment as amended carried.

The Hon. L. J. KING moved:

To strike out Division IV and insert the following new Division:

DIVISION IV—SPECIAL PROVISIONS RELATING TO BANKING AND LIFE INSURANCE CORPORATIONS

167c. (1) In this section "prescribed corporation" means—

(*a*) a banking corporation;

or

(*b*) a corporation that is registered under a law of the Commonwealth relating to life insurance.

(2) Subject to this section, this Part applies to and in relation to a prescribed corporation that is a company or is a corporation that is a subsidiary of the holding company of a group of companies.

(3) Where, under a law of the Commonwealth relating to banking a prescribed corporation is required to prepare accounts annually, accounts of the corporation that comply with the provisions of that law shall be deemed to comply with the provisions of this Act relating to accounts.

(4) Subsection (1) of section 162a does not apply to or in relation to a prescribed corporation or its directors.

(5) Where, under a law of the Commonwealth relating to life insurance, a prescribed corporation is required to prepare accounts annually, the prescribed corporation and the directors and auditors thereof shall not be deemed to have failed to comply with such of the provisions of this Part as are applicable to it or them by reason only that no accounts are laid before the annual general meeting of the corporation other than accounts that—

(*a*) comply with the provisions of that law;

or

(*b*) comply with such conditions as are specified by the Registrar,

and that there is no auditor's report to the members on accounts referred to in paragraph (*b*) of this subsection.

(6) Subsection (2) of section 167 does not apply to or in relation to the accounts of a prescribed corporation that is registered under the law of the Commonwealth relating to life insurance where those accounts comply with that law.

(7) Where a company is a holding company of another corporation and is, under section 162, required to cause group accounts to be made out, the company and the directors and auditors of the company—

(*a*) shall not be deemed to have failed to comply with the provisions of this Act relating to group accounts by reason only that the group accounts do not contain, whether seperately or consolidated with other accounts, accounts of a prescribed corporation that is a corporation in the group of companies other than accounts that—

(i) comply with a law of the Commonwealth relating to the preparation of annual accounts of the prescribed corporation;

or

(ii) in the case of a prescribed corporation registered under a law of the Commonwealth relating to life insurance, comply with such conditions as are specified by the Registrar;

(*b*) shall not be deemed to have failed to comply with the provisions of subsection (2) of section 162a by reason only that the directors' report referred

to therein relates only to corporations in the group of companies other than prescribed corporations;

and

(*c*) shall not be deemed to have failed to comply with the provisions of subsection (8) of section 162 or of section 167 by reason only that those provisions are not complied with in relation to prescribed corporations in the group of companies that are registered under a law of the Commonwealth relating to life insurance.

(8) A prescribed corporation shall not be deemed to have failed to comply with section 164 in relation to an annual general meeting by reason only that it does not send to a person entitled to receive notice of general meetings of the company accounts or documents referred to in that section other than accounts and documents so referred to that, in compliance with the provisions of this Part, whether by the operation of this section or otherwise, are to be laid before that annual general meeting.

(9) Where a prescribed corporation registered under a law of the Commonwealth relating to life insurance does not lay before its annual general meeting accounts and an auditor's report that comply with the provisions of that law, it shall lodge a copy of those accounts and a copy of that report with the Registrar on or before a day that is not later than nine months after the end of the period to which they relate.

Amendment carried; clause as amended passed.

Clause 26 passed.

Clause 27—"Enactment of Part VIA and VIB of Principal Act—"

The Hon. L. J. KING: I move:

In new section 169 (3) (*a*) to strike out "requests" and insert "requires".

That is merely a drafting amendment.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 170 to insert the following new subsection:

(3) Where under subsection (2) the Governor has appointed a person to investigate affairs of a corporation in the State he may by instrument in writing declare that that person shall have such of the powers of an inspector appointed under subsection (1) in relation to the investigation of the affairs of the corporation subject to such terms and conditions as the Governor specifies in the instrument, as if that corporation were a company within the meaning of this Part and the inspector had been appointed under this section and thereupon the inspector shall have those powers.

The purpose of this amendment is to enable the Government to confer on an inspector appointed in another State who may need to extend his investigation to South Australia the same powers as may be conferred on an inspector appointed to investigate a local company. Such a provision is contained in the existing Act but was inadvertently omitted in drafting the new investigation provisions.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 174 to strike out subsection (2) and insert the following new subsection:

(2) A duly qualified legal practitioner acting for the officer—

(*a*) may attend the examination;

and

(*b*) may, to the extent that the inspector permits—

(i) address the inspector;

and

(ii) examine the officer—

in relation to matters in respect of which the inspector has questioned the officer.

Under new subsection (2) as drafted, a legal practitioner acting for the officer is given a right to attend an examination, address the inspector, and examine in relation to matters in respect of which the inspector has questioned the officer. The nature of investigations of this kind is such that this could present considerable problems unless the investigator had control over the situation, and fears have been expressed that, unless it is made clear in the Act that this depends on the leave of the inspector (in other words, that the inspector may refuse permission to address him or refuse the right to examine), an investigation may get out of control and turn into a major and protracted hearing that gets nowhere. Consequently, it is thought desirable to ensure that the inspector retains control of the situation, so that the question of legal practitioners addressing the inspector or examining an officer should depend on the permission and control of the inspector.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 174 to strike out subsection (5) and insert the following new subsection:

(5) A person required to attend for examination under this Part is entitled to such allowances and expenses as are prescribed.

The amendment replaces the provision in the Bill whereby a person examined by an inspector would be entitled to witness fees as fixed by the Supreme Court. It seems that it is better that the allowances and expenses should actually be prescribed.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 176 (7) to strike out "a copy of".

The object of this amendment is to require an inspector to furnish with his report to the Minister the original notes made by him during the investigation instead of a copy thereof, because obviously the original notes ought to be lodged with the Minister.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 177 (3) to strike out "Division" and insert "Part".

This merely corrects an error in drafting.

Amendment carried.

The Hon. L. J. KING: I should like to comment on a point raised in a letter that was read to the House by the member for Mitcham during the second reading debate, in which his correspondent (a legal practitioner) expressed concern or doubt whether new section 176 made it clear whether the notes formed part of the report. As a result of that communication, I again examined the matter, and it seems perfectly clear that the notes do not form part of the report. New section 176 (7) provides that the notes relating to a report shall be furnished to the Minister with the report, so there are clearly two things: the notes and the report. This makes it clear that the notes do not become part of the report and, consequently, I do not think there is any matter for concern in the point raised in the letter. I move:

In new section 178 (12) to strike out "cause proceedings to be instituted accordingly in the name of the company" and insert "institute and conduct proceedings for the recovery of those damages or that property in the name and on behalf of the company".

The amendment overcomes a difficulty referred to in a letter sent to either the member for Mitcham or the member for Alexandra; at all events, the letter was read by the member for Mitcham. He said that the provision did not spell out the obligations as to costs that arose where the Minister instituted proceedings. I think there is merit in the point and that it is advisable to spell out those obligations. The amendment does that.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 178 to insert the following new subsections:

(12a) In any proceedings under subsection (12) of this section, the court may make any order and may pronounce judgment against, or in favour of, the company in all respects as if the proceedings had been instituted and conducted by the company.

(12b) The court may, in any such proceedings, make an order for costs against or in favour of the Minister but an order for costs shall not be made against the Minister except where the court is of the opinion that the resources of the company are insufficient to satisfy the order.

(12c) The provisions of subsection (12b) of this section do not derogate from the generality of the powers exercisable by a court under subsection (12a) of this section.

(12d) The Minister may recover as a debt due to him from the company any costs (not being costs for which he is indemnified by order of a court under subsection (12b) of this section) incurred by him in proceedings under subsection (12) of this section.

(12e) The Minister may settle or compromise any proceedings under subsection (12) of this section.

This consequential amendment spells out the obligations as to the costs where the Minister institutes proceedings.

Amendment carried.

Dr. EASTICK: I point out that in new section 179 (1) the word "an" first occurring should be "and". I wish to move an amendment to correct this.

The CHAIRMAN: Because only a clerical adjustment is required, it will not be necessary for an amendment to be moved.

The Hon. L. J. KING moved:

In new section 180a (6) (*e*) after "obligation" to insert "whether formal or informal".

Amendment carried.

The Hon. L. J. KING: I move:

In new section 180b to strike out subsections (3) and (4).

The provisions contained in the subsections referred to in the amendment will be enacted as section 378a, to give them a general application instead of their being confined to the take-over provisions.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 180*l* (2) (*f*) after "acquired" to insert "under that option".

This merely improves the drafting.

Amendment carried.

The Hon. L. J. KING: I move:

In new section 180x (16) after "Territory" to insert "of the Commonwealth".

This corrects an omission in the drafting.

Amendment carried; clause as amended passed.

Clause 28 passed.

Clause 29—"Acquisition of shares of shareholders dissenting from scheme or contract approved by majority."

The Hon. L. J. KING: I move:

In new section 185 (10) to strike out "provision" and insert "enactment".

This improves the drafting.

Amendment carried; clause as amended passed.

Clauses 30 to 33 passed.

Clause 34—"Priorities."

The Hon. L. J. KING: I move:

To strike out paragraphs (*a*) and (*b*) and insert the following new paragraphs:

(*a*) by striking out from paragraph (*b*) of subsection (1) the passage "one thousand dollars" and inserting in lieu thereof the passage "one thousand five hundred dollars";

(*b*) by striking out from paragraph (*b*) of subsection (1) the passage "within a period of six months before the commencement of the winding up" and inserting in lieu thereof the passage "before the relevant date";

(*c*) by striking out from paragraph (c) of subsection (1) the passage "the commencement of the winding up" and inserting in lieu thereof the passage "the relevant date";

(*d*) by striking out paragraph (*d*) of subsection (1) and inserting in lieu thereof the following paragraph:

(*d*) fourthly, all amounts due on or before the relevant date to or in respect of an employee of the company (whether remunerated by way of salary, wages, commission, or otherwise) by virtue of—

(i) a contract of employment; or

(ii) a law of the Commonwealth or of a State or Territory of the Commonwealth,

relating to long service leave, extended leave, annual leave, recreation leave, or sick leave;

(*e*) by striking out from paragraph (*e*) of subsection (1) the passage "date of the commencement of the winding up" wherever it occurs in that paragraph and inserting in lieu thereof, in each case, the passage "relevant date";

(*f*) by striking out from subsection (3) the passage "wages salary annual leave or long service leave" and inserting in lieu thereof the passage—

(i) a contract of employment; or

(ii) a law of the Commonwealth or of a State or Territory of the Commonwealth,

relating to long service leave, extended leave, annual leave, recreation leave or sick leave;

(*g*) by inserting after subsection (9) the following subsection:

(10) In this section—

"floating charge" includes a charge conferring a floating security at the time of its creation which has become a fixed or specific charge:

"relevant date" means—

(i) in the case of a company ordered to be wound up by the Court which has not previously commenced to be wound up voluntarily—the date of the winding up order; and

(ii) in any other case—the date of the commencement of the winding up.

The Bill as it stands makes two amendments to section 292 of the Act, and the effect of those amendments, if they were passed, would be to set out an order in which preferential debts are payable in the winding-up in an amended form. Section 292 deals with that subject. The effect of the amendments as they are in the Bill is that, if a company is under official management within two months before commencing to be wound up, the costs of remuneration of the official manager, his deputy, and the auditor of the company would be entitled to rank next after the expenses of winding up in order of payment, and the debts incurred by the official manager would rank next after those costs.

These amendments were enacted in other States by Bills relating to the repeal and re-enactment of the official management provisions. However, I have grave doubts whether the amendments to section 292 which have been passed in other States and which are incorporated in the Bill as it was introduced are just and equitable from the point of view of wage and salary earners. Under existing section 292 they rank second in the order of priority for wages and salaries; they rank third for amounts owing for workmen's compensation; and they rank fourth for amounts owing in respect of sick leave, recreation leave, and long service leave. If a company goes under official management, all amounts owing by the company on that date are frozen, because new section 208 (5), which is the same as existing section 207 (2), provides in effect that an official manager shall not apply any of the funds of the company in satisfaction of debts

owing on the date of his appointment unless he has first paid the expenses involved in the official management, including his own remuneration (that of his deputy and the auditor), and the debts incurred by him as official manager.

Thus, if any amounts were due to wage and salary earners on the date of the commencement of the official management, they would be reduced by the amendment, as put forward in the Bill, to a lower position in the order of priority in the event of a winding up. Indeed, if the official management continued for more than six months before the winding up commenced they would not be entitled to any preference at all under the Bill's provisions. It is also difficult to understand why amounts due to wage and salary earners employed by the official manager would rank for payment, in a winding up, after the remuneration of the official manager, his deputy, and the auditor.

It is equally difficult to comprehend why such wage and salary earners would rank equally with trade creditors. So that, on all considerations, there are serious grounds for misgivings as to whether the provisions of the Bill, as enacted in other States and as incorporated in the Bill introduced in this House, really do justice in the situation and, consequently, my amendment will strike out paragraphs (*a*) and (*b*) as they appear and simply leave the situation in its present form. I think it may need further consideration, but I am far from satisfied that the provisions in the Bill are fair and just. What I propose in this amendment is to substitute new paragraphs, and new paragraphs (*a*) and (*b*) really deal with a somewhat difficult subject matter.

The first, new paragraph (*a*), increases the amount for which wages and salary have priority to $1,500. This was agreed upon by the Attorneys-General at their meeting in July this year. Also, new paragraph (*b*) strikes out the reference to the period of six months, and this again stems from a decision of the standing committee in July that wages and salaries should have priority irrespective of the period for which they remained unpaid. The expression "relevant date" is substituted for "commencement of winding up" to ensure that amounts becoming due for payment between the date of presentation of the petition for winding up and the date of the making of the winding up order are entitled to priority.

New paragraph (*c*) simply deals with the question of "relevant date", to which I have already referred. New paragraph (*d*) simply improves the drafting and the substitution of "relevant date" for "commencement of winding up" and is designed to achieve the result to which I have already referred. New paragraph (*e*) also is consequential and deals with the expression "relevant date". New paragraph (*f*) simply improves the drafting.

New paragraph (*g*), however, is important, and defines "floating charge" and "relevant date". The definition of floating charge is designed to ensure that the priority conferred on wage and salary earners over the holder of a floating charge is not defeated by the crystallization of the floating charge. The definition of "relevant date" is necessary to ensure that preferential debts arising between the date of presentation of the petition and the date of winding-up order are entitled to priority.

All these changes in section 292 have been approved by the Standing Committee of Attorneys-General. The necessity to define "floating charge" in this way has arisen out of a court decision which indicates that, when a floating charge over the assets of the company become crystallized, it is in the same position as a fixed charge and takes priority, therefore, as a security over fixed assets, over the wages and salaries that may be due at that time. Consequently, to preserve the rights of wage and salary earners, it is necessary to define floating charge in the way suggested.

Amendment carried; clause as amended passed.

Clause 35—"Undue preference."

The Hon. L. J. KING: I move:

In new subsection (2)(*a*) to strike out subparagraph (iii) and insert the following new subparagraph:

(iii) in any other case, the date of presentation of the petition for the winding-up.

This amendment merely corrects a drafting error.

Amendment carried.

The Hon. L. J. KING: I move:

In new subsection (2) to strike out paragraph (*b*) and insert the following new paragraph:

(*b*) in the case of a voluntary winding-up—

(i) where on the date of the passing of the resolution that the company be wound up voluntarily, the company is under official management or had been under official management at any time within six months prior to

the passing of that resolution, the date of the commencement of the official management; or

(ii) in any other case, the date on which the resolution to wind up the company voluntarily is passed.

This merely corrects an error in drafting.

Amendment carried; clause as amended passed.

Clauses 36 to 43 passed.

Clause 44—"Enactment of sections 367a, 367b and 367c of principal Act."

Mr. COUMBE: Will the Attorney-General say what is the specific reason for the inclusion of new section 367a (2), which I could not trace in the principal Act?

The Hon. L. J. KING: This new subsection has been included because the examination of a defaulting officer in many cases (perhaps in most cases) should be conducted in private. This examination is designed to obtain information regarding the company's affairs and perhaps information regarding offences that have been committed by officers of the company. It should therefore be a private inquiry. Another aspect is that, if charges are to follow, there should be no publicity until those charges are laid and the defendant is given an opportunity to answer them. On the other hand, there may be occasions on which a public examination is most desirable, partly because of the public interest in a certain matter and also because in some cases the nature of the examination will be facilitated if it is publicized, as people may come forward and supply information about it. The actual provisions are substantially the same as they are in the principal Act in the case of liquidation.

New section 367a is a new provision; the principal Act provides for an examination in connection with liquidations, but new section 367a enables the Attorney-General to direct an examination of a director even where the company is not in liquidation. So, the provision regarding whether the examination is to be in open court or closed court is new, because the whole provision is new. Broadly speaking, it follows the lines of sections 249 and 250 of the principal Act, which provide that, where liquidators report on alleged fraud, an examination shall be conducted. Section 250 provides for a public examination and section 249 for a private examination. Section 250 provides for cases where a liquidator reports that a fraud has been committed or a material fact has been concealed. New section 367a applies where there is no liquidation but where the Attorney-General directs an examination on the ground set out in that provision. It is then for the court to decide whether in all the circumstances the examination should be in public or in private.

Mr. COUMBE: I do not think we can press the Attorney-General very much more on that matter. There is an option that the proceedings can be held in camera or in open court. New section 367a (7) provides:

Notes of the examination . . .

(*d*) may be inspected and copied by the person examined by the Attorney-General, the Registrar or applicant or with the consent of the court by any creditor or member of the company.

That provision does not tie up with new section 176 (5), which refers to a person. The provision we are now dealing with refers to any creditor or member of the company. This may be a drafting error or it may be deliberate. Can the Attorney-General state the reason for the change in wording?

The Hon. L. J. KING: The situations are not really comparable. New section 176 deals with notes made by an inspector appointed by the Governor to investigate the affairs of a company. New section 176 (5) provides:

The Minister may give a copy of notes made under this section to a duly qualified legal practitioner who satisfies the Minister that he is acting for a person who is conducting or is, in good faith, contemplating legal proceedings in respect of affairs of a company, being affairs investigated by an inspector under this Part.

In that situation, the company is investigated, and the inspector has his notes on what he has discovered from the evidence given. A person who desires to institute legal proceedings employs a legal practitioner for that purpose. New section 176 (5) enables the Minister to supply a copy of those notes to the legal practitioner, where litigation in respect of the affairs of the company is contemplated, and the notes may be used in the course of that litigation.

New section 367a deals with the situation in which the Attorney-General has directed examination of an officer of the company and in which it must appear to the Attorney-General, first of all, that the officer has conducted himself in such a way that he has rendered himself liable to action by the company in relation to the performance of his duties. In those circumstances, the Attorney-General may direct the examination,

and the provision is that the notes of examination may be inspected and copied by the person examined, who obviously has an interest in the matter; by the Attorney-General himself; by the Registrar, who also has an interest in it; by the actual applicant himself; or, with the consent of the court, by any creditor or member of the company. The only people who can be interested in the situation are the creditors of the company, members of the company or, of course, the official persons.

I think there are two separate situations: one is where there is an inspection and where litigation may follow, and a solicitor, representing a person who may wish to bring action, desires to see the notes. The other situation, however, is where the Attorney-General has formed an opinion regarding the conduct of an officer of the company, and here, although there may be no impending litigation, people may have a legitimate interest in knowing what is the conduct in question or what light it throws on the company's affairs, or any prospective claims they may have. The people may be categorized; they will be a shareholder or a creditor or, of course, one of the official persons referred to. I do not think the two situations are comparable.

Mr. Coumbe: It's a fine point.

The Hon. L. J. KING: Yes; different situations are contemplated.

Mr. COUMBE: New section 367b (2) gives the court power to assess damages against delinquent officers. I am wondering whether the terms "unfair" or "unjust" in respect of the company could also apply to the officer concerned. Regarding receipts of money or property of the company, it is up to the court to decide whether it is unjust to the company or to its members. Would the court, in determining the matter, consider whether the determination had been unfair or unjust to the officer?

The Hon. L. J. KING: I do not think the point is well taken. The issue posed by the subsection is whether the receipt of money by the officer is unfair or unjust to the company or to its members. If the officer has a just claim to the money, it could not be unfair or unjust to the company or to its members. In testing whether the receipt of the money by the officer involves unfairness or injustice to the company, we must ask what is the just entitlement of the officer. The provision refers to the receipt of money or property generally by an officer, whether by salary or otherwise. In the case of salary, it would be necessary to ask whether the salary was the agreed salary or whether it bore reasonable relationship to the officer's position or to the duties he performed, or other considerations might enter into it. When one asks what is fair or just to the company or to its officers, one must also ask what is the just entitlement of the officer to the moneys he has received. I think it comes to the same thing.

Clause passed.

Clause 45—"Enactment of sections 374a to 374g of principal Act."

Dr. EASTICK: Will the Attorney-General give the meaning of "discover" in new section 374a(1)(*a*)? The dictionary states that "discover" can mean disclose. I have checked the New South Wales Act, in which this provision appears, and in which the word "discover" is also used.

The Hon. L. J. KING: "Discover" is commonly used in law to denote disclosure. I suppose it has some significance from long ago. We refer to discovery of a document, whereby one party must disclose to another the documents in his possession, and to discovery of information by way of interrogatory, whereby a party must disclose information by answering certain written questions. It is a well-understood term with a well understood meaning, and draftsmen, being cautious and sensible people, tend to stick to words that everyone understands.

Clause passed.

Clauses 46 to 49 passed.

Clause 50—"Amendment of eighth schedule of principal Act."

The Hon. L. J. KING: I move:

In paragraph (*d*) to strike out "audited"; and "or is a company registered under the law of the Commonwealth relating to life insurance".

The reference to audited accounts must be deleted, because life insurance companies are permitted to lodge unaudited accounts with annual returns but must lodge audited accounts within nine months after the end of the financial year. Life insurance companies were not formerly required to lodge accounts with annual returns, but will now be required to lodge audited or unaudited accounts with that return, and it is necessary to delete the exempting wording.

Amendments carried.

The Hon. L. J. KING: I move:

In paragraph (*h*) to strike out "and not less than seven days".

This is a consequential amendment.

Amendment carried; clause as amended passed.

Clause 51—"Repeal of ninth schedule of principal Act and enactment of new schedule in its place."

Mr. COUMBE: This amended schedule requires much more information to be given by companies in the disclosure of their affairs and accounts. However, much of the information required to be disclosed under the existing schedule is adequate for many of the provisions of normal accountancy procedure. The new schedule will require much more work in preparing balance sheets, profit and loss accounts, and other items appearing in annual reports that have to be prepared by some companies.

I cannot understand how the average person who reads balance sheets will understand the affairs of the company more readily because of this amended schedule than they do now. It requires more detail of the activities of the companies concerned, and may catch up with just a few shonky companies with which we are concerned. No matter how we amend this legislation and what protection we provide, we will not save the investing public from themselves. Only too often do we hear about people who have been carried away by the thought of getting rich quickly. I doubt whether many of these people have studied annual reports of the companies concerned or whether all members of this Committee could absorb all the details now required to be shown in the profit and loss account or balance sheet of a company. In fact, I doubt whether they could do this even with the amendments made to the ninth schedule by this clause. I do not oppose the schedule, but I protest that we seem to be doing much unnecessary work. We are spelling it out in great detail.

The Hon. L. J. King: Is this a show of spirit and fight by the Opposition?

Mr. COUMBE: I made these same remarks in the second reading debate, and I repeat them. It may well be that the Eggleston committee recommended this new schedule and that the standing committee has considered it necessary, but lawyers are not always right.

The Hon. L. J. King: One of them usually is.

Mr. COUMBE: Usually, it is the jury. There used to be an axiom that we do not put solicitors on boards of companies; we employ them.

The Hon. L. J. KING: I assure the honourable member that no part of this Bill received more exhaustive consideration than did the provisions of this schedule. It was the subject of exhaustive submissions to the Eggleston committee by accountancy bodies and others. It was considered at great length not only by Mr. Justice Eggleston, who presided over the committee, but also by the accountant and the solicitor who were members of the committee.

I agree that a potential investor could do nothing better than seek professional advice from a stockbroker, accountant or solicitor, but it is useless to seek advice from any person if that person cannot get the necessary information about the company, and the whole object of the ninth schedule is not to enable people such as the member for Torrens to understand a company's accounts but to enable the professional adviser, whose advice a person seeks when he intends to invest money, to understand the accounts and thereby give the advice sought.

Clause passed.

New clause 29a—"Payment of certain debts out of assets subject to floating charge in priority to claims under charge."

The Hon. L. J. KING: I move to insert the following new clause:

29a. Section 196 of the principal Act is amended—

(*a*) by striking out from subsection (1) the passage "debts which in every winding up are preferential debts and are due by way of wages, salary, annual leave or long service leave and any amount which in a winding up is payable in pursuance of subsection (3) or subsection (5) of section 292" and inserting in lieu thereof the passage "any debt or amount which in a winding up is payable in priority to other unsecured debts pursuant to paragraph (*b*) or (*d*) of subsection (5) of section 292";

(*b*) by striking out subsection (2) and inserting in lieu thereof the following subsection:—

(2) For the purposes of this section—

(*a*) "floating charge" includes a floating charge within the meaning of section 292;

and

(*b*) the periods of time mentioned in section 292 shall be reckoned from

the date of the appointment of the receiver or of possession being taken, as the case may be;

and

(*c*) by inserting after subsection (3) the following subsection:

(4) This section binds the Crown.

This amendment is consequential upon the amendments to section 292, and is designed to ensure that wage and salary earners retain their priority over the holder of a floating charge which crystallized before the receiver was appointed. The amendment was approved by the Standing Committee of Attorneys-General.

New clause inserted.

New clause 44a—"Restriction upon offering shares etc. for subscription or purchase."

The Hon. L. J. KING: I move to insert the following new clause:

44a. Section 374 of the principal Act is amended by striking out subparagraph (i) of paragraph (*b*) of subsection (14) of that section.

This amendment removes the exemption at present conferred upon co-operative societies in respect of share hawking. It relates to the amendment to section 383.

New clause inserted.

New clause 47a—"Reciprocation in relation to offences under corresponding laws."

The Hon. L. J. KING: I move to insert the following new clause:

47a. The following section is enacted and inserted in the principal Act immediately after section 378 thereof:

378a. (1) If, in the State a person does an act, or omits to do an act, and that person would, if he had done that act, or had omitted to do that act, in another State or in a Territory of the Commonwealth, have been guilty of an offence against the law of that State or Territory that corresponds to this Act, that person is guilty of an offence against this Act punishable as the first-mentioned offence is punishable.

(2) Where an act or omission constitutes an offence both under this Act and under the law of another State or of a Territory of the Commonwealth and the offender has been punished for the offence under that law, he is not liable to be punished in respect of the offence under this Act.

Subsections (3) and (4) of section 180b have been deleted, and will be enacted as section 378a so as to give the reciprocal offence provisions a general application instead of being confined to the take-over provisions.

New clause inserted.

Title passed.

Bill read a third time and passed.

ADJOURNMENT

At 9.54 p.m. the House adjourned until Wednesday, November 10, at 2 p.m.