HOUSE OF ASSEMBLY

Thursday 24 May 1979

The House met at 12 noon pursuant to proclamation, the Speaker (Hon. G. R. Langley) presiding.

The Clerk (Mr. A. F. R. Dodd) read the proclamation summoning Parliament.

After prayers read by the Speaker, honourable members, in compliance with summons, proceeded at 12.10 p.m. to the Legislative Council Chamber to hear the Speech of His Excellency the Governor. They returned to the Assembly Chamber at 12.40 p.m. and the Speaker resumed the Chair.

NEW MEMBER FOR NORWOOD

Mr. Gregory John Crafter, to whom the Oath of Allegiance was administered by the Speaker, took his place in the House as member for the District of Norwood, in place of the Hon. Donald Allan Dunstan (resigned).

[Sitting suspended from 12.45 to 2.15 p.m.]

GOVERNOR'S SPEECH

The SPEAKER: I have to report that this day, in compliance with the summons from His Excellency the Governor, the House attended in the Legislative Council Chamber, where His Excellency was pleased to make a Speech to both Houses of Parliament, of which I have obtained a copy, which I now lay on the table.

Ordered to be printed.

PETITION: PORT KENNY SPEED ZONE

A petition signed by 36 citizens of South Australia praying that the House would urge the Government to erect 60 kilometres per hour speed zone signs through the township of Port Kenny was presented by Mr. Gunn.

Petition received.

PETITIONS: MARIJUANA

Petitions signed by 363 residents of South Australia praying that the House would reject any legislation that provides for the legal sale, cultivation or distribution of marijuana were presented by Messrs. Corcoran, Harrison, Millhouse, Eastick, Drury, and Dean Brown.

Petitions received.

PUBLIC WORKS COMMITTEE REPORTS

The SPEAKER laid on the table the following reports by the Parliamentary Standing Committee on Public Works, together with minutes of evidence:

Adelaide High School Redevelopment,
Happy Valley Trunk Sewer Scheme,
Moana Holding Primary School,
St. Agnes West Primary School,
Salisbury Heights Holding Primary School,
Salisbury West Holding Primary School,
Yetto East Holding Primary School.

Ordered that reports be printed.

SANTOS (REGULATION OF SHAREHOLDINGS) BILL

The Hon. HUGH HUDSON (Deputy Premier): I move:

That Standing Orders be and remain so far suspended as to enable me to introduce a Bill without notice forthwith and its passage through all stages without delay.

Mr. TONKIN: Mr. Speaker, I rise on a point of order. I would like your ruling as to whether the motion for the suspension of Standing Orders, if it is passed, will apply to the Standing Order that covers the need to refer a hybrid Bill to a Select Committee.

The SPEAKER: I have recently received from the Solicitor-General the following opinion:

> You have asked for my comments on the suggestion that a proposed Bill to limit the shareholding in a designated company should be referred after the second reading to a Select Committee of the House. I understand that the proposed Bill is to be introduced by the Government and is broadly similar in its objectives to the South Australian Gas Company's Act Amendment Act, 1979. Although the company concerned is a public company it is not, as in the case of the South Australian Gas Company, one recognised by Statute as a public utility.
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> The joint Standing Orders relating to private Bills declare in rule 1 what are to be private Bills. As this Bill is to be introduced by the Government it does not fall within the provisions of rule 1A or 1C and it is not a Bill which authorises the compulsorily taking or prejudicially affecting lands within rule 1B. It is not therefore a private Bill as defined by the joint Standing Orders.
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> Rule 2 provides:
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> > The following shall not be private Bills but every such Bill shall be referred, after the second reading, to a Select Committee of the House in which it originates:
> >
> > A Bills introduced by the Government whose primary and chief object is to promote the interests of one or more municipal corporations or local bodies, and not those of municipal corporations or local bodies generally.
> >
> > B Bills introduced by the Government authorising the granting of Crown or waste lands to an individual person, a company, a corporation or a local body.
>
> In my opinion, the proposed Bill does not fall into either of the categories specified in rule 2. Plainly rule 2B does not apply to the proposed Bill. I take the expression in rule 2A. "One or more municipal corporations or local bodies" to be a reference to local governing bodies acting for the public good as regards some facet of regional activity (see *Northern & Taranaki Labourers etc. v. Auckland Harbour Bridge Authority* (1971) NZLR 988 at 994). It is interesting to note that in rule 1A the expression "an individual person, a company, a corporation, or a local body" is used. It may be surmised that the persons who drafted rule 1A intended to insert the word "municipal" before the word "corporation" in that rule. Be that as it may, the inclusion of the words "individual person" and "company" in rule 1A and their exclusion in rule 2A seems to me to clearly indicate that only a limited meaning can be given to the words "municipal corporations or local bodies". That being so, I do not consider that a proposal to limit the shareholding in a designated public company would fall within the scope of rule 2A.
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> Furthermore, in my opinion, it cannot be said that the proposed legislation has as its primary and chief object the promotion of the interests of municipal corporations or local bodies. No doubt, the Government would say that the primary and chief object of the proposed Bill is to protect the State's gas supplies and to ensure the future exploration for and exploitation of an energy resource. Even if it could be argued that the legislation promoted the interests of a

municipal corporation or local body either because the designated public company itself is one or because it would allow or facilitate investment in that company by municipal corporations or local bodies, it is difficult to see that as the primary and chief object of the legislation. By comparison, the English Parliamentary practice with respect to hybrid Bills does not contain the stringent requirement that the Bill have a primary and chief object of promoting private interests. Nevertheless, the Speaker of the House of Commons ruled that the Iron and Steel Bill of 1948-1949 was a public Bill although it vested in a statutory corporation all securities of companies listed in a schedule. He ruled that the Bill concerned a matter of public policy and dealt with private interests only generally, as respected to a particular class (see Erskine May Parliamentary Practice 19th edition, page 874).

For these reasons, it is my opinion that the proposed Bill does not fall within the provisions of Rule 2A of the Joint Standing Orders, Private Bills.

I agree with this opinion, and I therefore rule that this Bill is not a hybrid Bill.

Mr. TONKIN (Leader of the Opposition): I move:

That the Speaker's ruling be disagreed to.

I move disagreement to your ruling because it is in direct contradiction to the accepted practice of this House as established by precedent, and it is in direct contradiction of the procedure set out in Erskine May that public Bills affecting private rights must be regarded as hybrid Bills and referred to a Select Committee. The fundamental reason why I and members of my Party disagree wholeheartedly to your ruling is that it conflicts with the accepted practice of this House. The Government may care to ride roughshod over the rights and privileges of this House and the community, but it cannot ride roughshod over every accepted precedent of this House.

It has been customary for years to regard any public Bill affecting private rights as a hybrid Bill, and I am confident that any Bill that seeks to regulate the affairs of a public company and accordingly seeks to regulate the rights in ownership of shareholders of that company is a hybrid Bill. This opinion is confirmed by a study of Erskine May, which at page 278 defines hybrid Bills as neither public nor private Bills but as "public Bills which may in certain respects affect private rights". That is exactly what we are talking about this afternoon; it is a matter of private rights.

The basis of my dissent lies in the fact that, if your ruling is upheld on this matter, the House will be establishing a new precedent that is contrary to established and accepted practice, which was confirmed as recently as when you last declared the Statutes Amendment (Executor Companies) Bill a hybrid Bill within the meaning of Joint Standing Order No. 2. Private Bills, and particularly joint Standing Order No. 2A, which you have already mentioned in this House when quoting the Solicitor-General's opinion.

On 22 February last the Deputy Premier, in moving the second reading of the South Australian Gas Company's Act Amendment Bill, said:

> I do not propose to go through the second reading explanation but I point out to members that this Bill, because it amends what is in effect a private Act, must be referred to a Select Committee and will be subject to detailed consideration by that Select Committee.

I refer the Deputy Premier to page 2925 of *Hansard* of the last session. I point out that neither that Bill nor the Cooper Basin Indenture Bill, or several others I can think of, had anything whatever to do with municipal corporations, Crown lands or wastelands, which are the subjects specifically referred to in Joint Standing Order No. 2 Private Bills.

I have a copy of those Standing Orders. They were revised from the issue of 1889, adopted by the Legislative Council and the House of Assembly in 1912, and approved by the Governor then. It is the principle entirely which is involved here: it is not a question of dealing with municipal corporations, wastelands, or anything else—it is the principle that public Bills affecting private interests must be investigated by a Select Committee. In all of those other matters the House (quite properly, according to precedent and to what is set out in Erskine May) adopted a course of action, the very custom that I now seek to protect, of following not the letter but the spirit of Standing Order No. 2, and following a precedent that has been set by this House since 1912.

Your ruling, if it stands, will effectively prevent the custom and procedure, always adopted in Parliaments adhering to the Westminster tradition, of Select Committees examining as a matter of course Bills that seek to limit or otherwise affect private rights. It is a grave matter at any time for Parliament to restrict the lawful rights of citizens. It is a matter that should be undertaken only after the closest scrutiny has been given to such a proposal and only after that scrutiny has unreservedly shown the need for those proposals. Not only that but those individuals who are affected should have the right to present themselves before a Select Committee to claim their rights and put their point of view. The practice has been long established that a Select Committee should be established to inquire into and report upon any public Bill the object of which is to restrict the liberty of citizens. The Bill which is to come into this House today is such a Bill. It cannot be denied that it will quite definitely affect the rights of individuals. For that reason, it must be classed as a hybrid Bill. It must, by its very nature, in accordance with traditional procedure (procedure which you, Sir, have upheld during the years you have occupied the Speaker's Chair), be classed as a hybrid Bill and, therefore, be referred automatically to a Select Committee. It is only in that way that the private rights of individuals are sure of being protected.

The Hon. HUGH HUDSON (Deputy Premier): I think the matter is clear so far as the Joint Standing Orders are concerned. The Leader quoted the examples of the Executor Trustee Company and the South Australian Gas Company. Both of those instances involved private Acts of this Parliament that had been in existence for many years (in the case of the Gas Company, for over 100 years). Quite clearly, they were private Bills that we were seeking to amend. As the Solicitor-General continues to make absolutely clear, in the terms of Joint Standing Orders there is provision for declaring this Bill a private Bill. The opinion is absolutely clearcut about this, and the Joint Standing Orders are quite clear about it. The question therefore remains whether, as a matter of policy, it ought to be referred to a Select Committee.

The practice in this House on these matters has varied. If after considering a Bill the House is of the opinion that a matter needs further investigation, quite often it has been referred to a Select Committee even though Joint Standing Orders do not require that action to be taken. The Leader sought to keep his options open by moving a contingent notice of motion that, if the Bill to be introduced is read a second time, he will move that it be referred to a Select Committee, so it is open for the House to make a judgment about this Bill in the normal way that such a judgment is made.

The Leader wants to say that this is a public Bill affecting private rights. Virtually every Bill that involves taxation, some form of licensing, or something of that

nature, affects private rights. Any business franchise Bill relating to tobacco franchising, such as has been introduced and passed in this House, affects private rights; it is a public Bill.

Mr. Mathwin: Get back—

The SPEAKER: Order! The honourable member for Glenelg is out of order.

The Hon. HUGH HUDSON: If honourable members opposite want to say that it does not affect private rights, they can do so, but there is no logic on their side. It is open to the House at the end of the second reading debate to determine whether or not the Bill goes to a Select Committee. At this stage, we have had a ruling from the Speaker saying quite clearly and unequivocally that, in terms of the Joint Standing Orders, this Bill is not a Bill that requires to go to a Select Committee. It is not in the categories mentioned in those Standing Orders, and no-one can argue that it is; the Leader did not attempt to argue that it is.

The House ultimately will have to make up its mind, when the Leader moves his motion at the end of the second reading debate, whether or not the Bill should go to a Select Committee. This is something that lies within the discretion of the House, and not within Standing Orders.

I am reminded that, in the case of the Executor Trustee Company Bill, the Standing Orders were suspended to obviate the necessity to refer the Bill to a Select Committee. In that case, I believe that the Leader of the Opposition and other members of the Opposition voted for the suspension of the Standing Orders, and that no Select Committee applied in that case. Obviously, Mr. Brierley is in a separate category from Mr. Bond. I support your ruling, Sir.

The House divided on Mr. Tonkin's motion:

Ayes (18)—Mrs. Adamson, Messrs. Allison, Arnold, Becker, Blacker, Dean Brown, Chapman, Eastick, Evans, Goldsworthy, Mathwin, Nankivell, Rodda, Russack, Tonkin (teller), Venning, Wilson, and Wotton.

Noes (25)—Messrs. Abbott, Bannon, Broomhill, and Max Brown, Mrs. Byrne, Messrs. Corcoran, Crafter, Drury, Duncan, Groom, Groth, Harrison, Hemmings, Hopgood, Hudson, Keneally, Klunder, McRae, Payne, Simmons, Slater, Virgo, Wells, Whitten, and Wright.

Pair—Aye—Mr. Gunn. No—Mr. Olson.

Motion thus negatived.

The Hon. Hugh Hudson's motion for suspension carried.

The Hon. HUGH HUDSON (Deputy Premier) obtained leave and introduced a Bill for an Act to regulate shareholdings in Santos Limited, and for other purposes. Read a first time.

The Hon. HUGH HUDSON: I move:

That this Bill be now read a second time.

This is one of the most important pieces of legislation introduced in the history of the State. It has not been introduced lightly. The Government believes that what is involved is the future security of energy supplies in South Australia and the future development potential of the State.

Industry in South Australia, and therefore the employment of our people, depends on assured sources of gas and electricity which can be made available at prices comparable with the major industrial markets of Sydney and Melbourne. As honourable members will appreciate, gas from the Cooper Basin is supplied principally to SAGASCO and to the Electricity Trust of South Australia. Its cost affects, therefore, the welfare of South Australian consumers and the economic position of all South Australian industry.

The Cooper Basin supplied 34 per cent of South Australia's primary energy requirements in 1978, and Santos's share of those sales was 45·57 per cent. Santos is the operating company in the Cooper Basin, and its financial strength and stability is fundamental to the development of the hydrocarbons of the basin. Any action which destabilises the financial position of Santos, or has the potential so to do, will make serious and harmful impact on the costs of further development in this State and the price that South Australians must pay for natural gas. Furthermore, the development of a petro-chemical scheme is dependent to a significant extent on the financial strength of the Cooper Basin companies and, more particularly, Santos, as the leading company of that group.

The price that the Dow Chemical Company pays for feedstock is one of the absolutely critical factors in determining the viability of a petro-chemical project. As part of that project, the Cooper Basin companies will probably be required to spend approximately $180 000 000, most of which will have to be borrowed. The financial strength of those companies, and in particular Santos, determines the cost of borrowing for the investment that the Cooper Basin producers must make. The cost of that borrowing will have a fundamental impact on the price of feed stock that the producers need to receive. As a consequence, the financial strength of Santos is absolutely critical to the viability of a petro-chemical scheme.

This year Santos celebrates its 25th year of operation. Over those 25 years, it has experienced many difficulties in the exploration and the development of the Cooper Basin resources. Since the unitisation agreement in 1975 and following the increases in gas prices over the last three years, Santos has built up its financial strength very substantially. For example, the operating profit has increased from $910 000 in 1975 to $6 970 000 in 1978. Its balance sheet as at 31 December 1978 is an exceedingly healthy one, with shareholders' funds standing at $41 708 000. It is now a dividend-paying company with a significant financial strength and borrowing capacity, with shareholders' funds standing at $41 700 000 and total assets at $74 600 000. Its liabilities total $32 900 000, including a provision of $5 900 000 for deferred income tax. This provision is designed not to provide for taxation that is currently due but to spread over future years the benefit currently being received through exploration expenditure deductions offsetting fully what would otherwise be taxable profits.

Santos's accounts are, if anything, a conservative statement of its overall position, and I emphasise once again its current healthy financial position. Up until recently, Burmah Oil and Total Oil had substantial shareholdings in Santos, the former company holding 37½ per cent and the latter 10 per cent. In earlier years the association with Burmah was important for the development of Santos, as the former company contributed considerable expertise. In more recent years, however, Burmah had a relatively minor influence in the development of Santos and never exercised the potential control given to it by its shareholding.

On at least two separate occasions, Burmah entered into arrangements with Santos (in the form of deeds, I believe) which provided that Santos would be informed if Burmah ever decided to sell its interest. In addition, at the time when Burmah sold other Australian assets I obtained assurances from Burmah representatives that the South Australian Government would be informed if the Burmah interests were ever up for sale. Perhaps because Burmah

Oil went into receivership, those obligations were not fulfilled, and in September 1978 the Bond Corporation and associated companies purchased Burmah Exploration, which held the Burmah interest in Santos.

I should make it clear to honourable members that, while the Bond Corporation and other subsidiary and associated companies of the Bond Corporation purchased Burmah Exploration, the deal was structured in such a way that Mr. Alan Bond, through his 56 per cent shareholding in the Bond Corporation Holdings Limited and his 100 per cent ownership of Dallhold Investments Proprietary Limited, gained complete control of Burmah Exploration. Therefore, the 37½ Burmah shareholding in Santos and the controlling interests of Burmah Exploration in Reef and Basin—two other small Cooper Basin companies—are under the personal control of Mr. Bond.

The purchase price of Burmah Exploration was reported to be $36 000 000, but Mr. Bond has informed me that other costs associated with that purchase make the total price more like $40 000 000. A perusal of the Bond Corporation Holdings's balance sheets for the years ending 30 June 1977 and 30 June 1978 shows clearly that, when the Burmah Exploration purchase was made, only very limited funds were available and arrangements had to be reached with Burmah Oil allowing for the total sum to be paid in instalments. It is understood that a further $5 000 000 will be required at the end of this month, with the final instalment of $19 000 000 required in November of this year.

Mortgage arrangements with Burmah were entered into in relation to these transactions. Members should note that Bond Corporation Holdings Ltd. has a very high gearing—a very high ratio of debt to equity (probably about 6·3 to 1, if the insurance interests are fully taken into account)—and in recent years has made considerable losses. At the end of June 1977, shareholders' funds in Bond Corporation Holdings Ltd. were in deficit at $1 600 000 and in deficit at $176 000 at the end of June 1978. The consolidated balance sheet of Bond Holdings and subsidiary companies shows shareholders' funds at $5 900 000 at the end of June 1977 and $7 100 000 at the end of June 1978 (that is, with the addition of the subsidiary companies). The liabilities of the parent company were $28 200 000 at the end of June 1977 and $28 400 000 at the end of June 1978. In the consolidated balance sheet, the liabilities of the parent company and its subsidiaries had been substantially reduced from $65 200 000 to $30 400 000 at the end of June 1978, while assets had also substantially declined from $71 100 000 to $37 400 000 over the same period. Clearly, during the 1977-78 financial year, the Bond Corporation, through its subsidiaries, was involved in a very substantial reduction in its overall activities, particularly land, in order to survive. It went very close to liquidation.

There are two critical factors that members should note which in 1977-78 were important as prerequisites for the Bond Corporation's being able to make even the first payment to Burmah. The first of these was the sale of the remaining half interest that the Bond Corporation held in Yanchep Sun City to the Tokyu Corporation of Japan. That sale was for a sum in excess of $5 000 000.

The second critical factor (probably related to the first) was that in 1977-78 the Federal Commissioner of Taxation withdrew the assessment issued against Yanchep Estates Pty. Ltd. in respect of the year ended 30 June 1974. An assessment for income tax amounting to $5 868 730 in excess of the amount provided in the accounts of Bond Corporation Holdings had been reflected as a contingent liability in the two previous financial years. I would be interested in any explanation that the Federal Treasurer may care to give to the public as to the reasons for the Commonwealth Government's withdrawal of that income tax assessment, including any details of representations made to him, his predecessor (Mr. Lynch), or the Prime Minister.

The Bond Corporation Holdings Ltd. accounts no doubt require many hours of study before any proper appreciation of them would be possible. The notes to two pages of the accounts alone cover 24 pages. Any assessment of these accounts indicates clearly that the Bond empire has had significant financial difficulties over a number of years and, as a company, now stands in a very weak financial position, on any reading of the matter, compared to Santos. One can readily understand the Bond Corporation's requirement, previously related to me by Mr. Bond, to obtain 51 per cent of Santos so that Santos accounts could be consolidated into Bond Corporation Holdings.

At a very early stage in the Government's dealing with Mr. Bond, he was asked to give assurances that he would have no difficulty in paying Burmah without borrowing, or in funding the interest on any borrowing that would be required. It is likely that some $25 000 000 to $30 000 000 has to be borrowed by the Bond Corporation, in one way or another, and that the interest costs of that borrowing exceed the current dividend paid by Santos by a very large margin indeed. The current dividend on the Bond Corporation's holding in Santos amounts to approximately $872 000. The interest costs alone on the Bond Corporation's borrowings necessary to finance the shares purchased would certainly exceed $3 000 000 a year. In all probability Mr. Bond would have to make payments of some $4 000 000 a year with only $872 000 worth of dividend to offset the payments.

It is this situation, and events that have arisen from it, which give rise to certain fundamental concerns both of the South Australian Government and of the seven directors of Santos who are not nominees of the Bond Corporation. I am sure that the consulting fees of $50 000 a month, plus expenses, for six months, paid by Santos to the Bond Corporation Holdings Limited, would not be the last of such arrangements if the Bond Corporation gains complete control of Santos. It is noteworthy that the directors of the board of Santos, who are not Bond Corporation nominees, rejected a proposition of consulting fees involving $100 000 a month for 12 months, plus expenses, before the final arrangement was reached.

It is noteworthy that merchant banks, which have refused to be associated with raising money for the Bond Corporation as well as raising loans for Santos, on the grounds of conflict of interest, have either not been employed or had their employment terminated so far as Santos loan raisings are concerned. In other words, if one wanted to fund Santos, one had to fund Mr. Bond as well.

Prior to the Bond Corporation's purchase of Burmah, the Cooper Basin companies had agreed to establish a consortium to fund the investment in a liquids scheme or a petro-chemical scheme. The Bond Corporation's actions with merchant bankers and in requiring Santos to borrow separately, outside a consortium, has currently wrecked the proposed consortium. The smaller Cooper Basin companies, in a number of cases with a weaker financial position than Santos, will be pushed into more expensive borrowing unless the consortium is re-established. Once again the development of a South Australian resource is put at risk.

It is noteworthy that the Bond Corporation's nominees on the Santos board proposed to the Santos board that a share placement should be made by Santos to Spedley Securities. In this instance the money to be received by

Santos was to be re-lent to Spedley Securities with no indication being provided of the use which Spedley Securities would make of the money returned to them. However, as Spedley Securities is the merchant bank employed by the Bond Corporation, it was confidently expected that the money would end up being used to finance the Bond Corporation's further payments to Burmah. In other words, the power of Santos to borrow or make a share placement was to be used as a means of financing Mr. Bond's payments to Burmah.

The history of this matter indicates to the Government very clearly that the Bond Corporation has not yet solved its financial problems and that, should the Bond Corporation gain complete control of Santos, that control could well be used to rectify any problem arising from the Bond Corporation's obligations to Burmah.

Members would appreciate that there are a number of ways in which this could be done—consulting fees to the Bond Corporation, for example. A director of Bond Corporation, Mr. Oates, in a conversation with me confirmed that it was the policy of the Bond Corporation for that company's costs and overheads to be met where the income was earned, and if Santos was consolidated in the Bond Corporation, the majority of income in the consolidated accounts would be earned in Santos, and that is where the costs would have to be borne. Another method could involve the sale of subsidiary companies owned by the Bond Corporation to Santos at prices which might not reflect proper asset values. A further possibility would be substantial increases in dividends which impacts adversely on Santos's ability to finance further development from internal sources. Whatever method was used, the net result would be a weakening of the overall financial strength of Santos. If Santos subsequently got into difficulties, the rescue operation would require higher gas prices to be paid by South Australia, while, at the same time, the further development of the Cooper Basin and the Redcliff petro-chemical project were put at risk.

The Bond Corporation does not have the financial wherewithal, the managerial competence (if one examines the record), or the knowledge of hydrocarbons to be in control of a major energy company, particularly one that is vital to the future of South Australia. No doubt Mr. Bond and his associates will deny vigorously the interpretation that I have put on these matters. I am confident, however, that the local directors of Santos will not deny any details of the fears I have expressed.

Mr. Bond, in dealings with the Government, gave some indication of the pressures that Mr. Bond and his associates have put on the other Santos directors. If Mr. Bond feels in a position of strength, he will threaten and attempt to govern by fear. Once he knows the cards are stacked against him, he will plead and give assurances without limit. Mr. Bond has personally threatened to sue the Government and to sue me personally. He also threatened the Premier with a campaign of vilification throughout Australia against the Government. The Premier's reply is worth recording; he said to Mr. Bond, "I'm shaking in my boots."

Mr. Bond's actions on the Santos board have no doubt been of a similar nature. I believe that it has only been the patience, determination and subtlety of the Chairman and other local directors that has postponed action by Mr. Bond to dump enough local directors of Santos to ensure his complete control of the board. So long as this legislation passes Parliament within the next two weeks, any future attempt to gain a majority of Bond nominees on the Santos board, and to shift the headquarters of Santos to another State, will fail.

As members would be aware, Mr. Bond has indulged in attempts to boost the price of Santos shares, first on *Nationwide* two weeks ago, in suggesting that the shares were worth $10 to $15 and, secondly, on Tuesday in plugging for a price of $10. I have indicated that his action may be illegal and was certainly grossly unethical.

Mr. Nankivell: What are they worth?

The Hon. HUGH HUDSON: That is not for me to judge. Mr. Bond, in making those statements, is attempting to boost the price of Santos shares so that he can sell with a better result for Mr. Bond. That is a grossly unethical action, whatever the legality of it may be. It is the kind of share boosting activity that amounts to hustling.

Mr. Dean Brown: Which is what you're used to—

The SPEAKER: Order! The honourable member for Davenport is out of order.

Mr. Dean Brown: You're a coward in cowards' castle.

The SPEAKER: Order!

The Hon. HUGH HUDSON: As members would appreciate, Mr. Bond's statement caused the Stock Exchange to question Santos yesterday and the company denied any responsibility or authorisation for the statement. The statement is indicative of the reliance one can place on most of Mr. Bond's claims. However, I can recommend Mr. Bond's abilities as a super salesman and a publicist—he has obviously done well with certain members opposite.

The advertisement in national papers today illustrates his technique. It is a combination of falsehoods, gross distortion of facts, and gross misrepresentation of the Government's position. It contains spurious claims of the Bond Corporation's alleged "marshalling of funds". I challenge those directly. I confirm and support wholeheartedly the detailed reply by the Chairman of Santos, Mr. John Bonython, in today's *Advertiser*.

The Bond Corporation, as a smokescreen, claims in its publicity that the South Australian Government wishes to nationalise Santos and take complete control of the Cooper Basin. That is not the case. Indeed, if it were, the Government would have taken action a few years ago when Santos shares stood at 45c and purchase of the company would have required only approximately $20 000 000. However, nationalisation would leave the Government with the problem of finding $85 000 000 from its own sources as the Santos share in a petro-chemical scheme, quite apart from the money required for infrastructure. A moment's thought indicates that such a solution could well create more problems than it solves. In any event, the Bond Corporation's argument is false.

As members would appreciate, the Australian Gas Light Company is the sole New South Wales purchaser of gas from the Cooper Basin. It is a company which, in recent years, has built up substantial liquid assets, and which was successful in defeating the Bond Corporation's attempts to purchase Total Oil's shareholding in the Cooper Basin. Total Oil Development had for many years 10 per cent of Santos shares. In case any honourable member is wondering why A.G.L. beat Bond to the punch with Total, A.G.L. could pay cash; all that Bond could offer was terms, until he got complete control of Santos.

Because A.G.L. became very concerned at the actions of the Bond Corporation, it proceeded not only to buy the Total interest, but also to buy other shares on the open market. A.G.L. holds today approximately 17 per cent of Santos. The South Australian Government understands fully A.G.L.'s concern. While it does not object to an A.G.L. interest in Santos, it nevertheless cannot contemplate a situation where the major New South Wales purchaser of gas could build up into a dominant position. Also, the Government is concerned that the actions of the Bond Corporation and of A.G.L. have pushed the price of

Santos shares to a figure not properly related to reasonable dividend prospects. The limitation of 15 per cent on the shareholdings of Santos has been selected with a view not only to prevent the Bond Corporation from taking control, but also to place a firm limit on A.G.L.'s position. The directors of A.G.L. understand completely the South Australian Government's view, and are supportive with respect to the action that is now proposed. They have indicated from the beginning that they are willing to reduce their shareholdings below 15 per cent. They have informed me that, in normal circumstances, they would not have exceeded that figure, but for the need that was felt within that company to block the Bond Corporation's attempts to gain a majority control.

However, the Government's position in relation to possible control of Santos by the Bond Corporation or by A.G.L. is not confined to those two companies. The Government is not prepared to contemplate a take-over of Santos by any person or group, foreign or Australian. It insists on developing a position where Santos, while remaining in private hands and providing reasonable returns to shareholders, nevertheless is able to act in the interests of the South Australian community as a whole. There is a significant public interest and concern which must be given appropriate expression.

Mr. Nankivell interjecting:

The Hon. HUGH HUDSON: The member for Mallee would be well advised to hold his peace. He is not very good at resisting being taken over.

The action proposed in relation to Santos is an action that follows even more stringent legislation taken towards the end of last year in relation to another South Australian company, SAGASCO. Honourable members will be aware that similar action has not been contemplated or taken with respect to other South Australian companies either taken over by interstate interests or threatened with take-over. In particular, I refer to Kelvinator, Sabco, Fauldings, William Charlick, Southern Farmers, and so on. It has been argued in some quarters that the proposed action is an unwarranted interference in the market, and that it will make foreign investment in Australia less attractive. It is strange that these arguments are advocated by people who would react violently against any increase in power to the Commonwealth Government, and who would support almost without question the proposition that South Australians should be able to govern themselves without unnecessary interference from Canberra.

Apparently the view is taken that, while local control should apply for Government, including, of course, the production of electricity and the distribution of gas, so far as business is concerned, the market requires that local business should be subjected to national and international interests whenever those interests so determine. The logic of this position escapes me entirely, particularly as it fails to recognise the inter-relationships between business and government which, in this day and age, are very significant in the energy resources area.

Even the Prime Minister and the Federal Treasurer seem not to have noticed the incongruity of their remarks when viewed in the context of the Commonwealth Government's requirement for foreign equity in uranium projects not to exceed 25 per cent, the role played by the Foreign Investment Review Board, the restriction on purchase of the Bank of Adelaide to existing Australian banks, and the controls exercised over television and radio companies, to name but a few Fraser Government interventions in the market place.

Legislation such as this is not unique in Australia. The Commonwealth Government itself has taken action in a number of significant ways. The Victorian Government legislated with respect to a prospective take-over of Ansett Industries by Thomas National Transport. The Queensland coalition Government legislated only a few years ago to limit shareholdings in ALLGAS Energy Limited to 12½ per cent and voting rights to 5 per cent. The South Australian Government finds it absolutely extraordinary that the Federal Government representatives should be willing to make the kind of statements that have been made without even making any direct inquiry about the events which have led to the South Australian Government's decision, and that is an absolutely appalling situation.

Our decision is based firmly on the requirement to secure stable future development of our energy resources; to maximise the likelihood that the Redcliff petrochemical project comes to fruition, and to prevent gas prices rising in such a manner that both existing industrial activity and future industrial development are put at risk.

Clause 1 of the Bill is formal. Clause 2 sets out a number of definitions required for the purposes of the new Act. The definition of "associate" in subclause (2) is taken substantially from the proposed new uniform legislation governing company take-overs. It is a slightly more comprehensive definition than that presently existing in the Companies Act. Clause 3 defines the circumstances in which two or more shareholders of the company constitute a group of associated shareholders. Subclause (2) empowers the Minister or a director or secretary of the company to require any shareholder to furnish information for the purpose of determining whether that shareholder is a member of a group of associated shareholders and, if so, the membership of the group. Where a shareholder fails to comply with any such requirement his voting rights are suspended until he does comply.

Clause 4 provides that no shareholder or group of associated shareholders is to hold more than 15 per cent of the shares of the company. Clause 5 provides that, where any shareholder or group of associated shareholders holds more than the maximum permissible number of shares, the Minister may require that shareholder, or any member of the group, to dispose of a stipulated number of shares. Any purported acquisition of shares in excess of the maximum permissible number is void. A further provision empowers the company to refuse to register a share transfer where registration of the transfer would result in contravention of the statutory limitation by any shareholder or group of associated shareholders.

Clause 6 deals with voting at general meetings of the company. Where a shareholder holds more than the maximum permissible number of shares his voting rights are to be determined as if he held no more than the maximum permissible number of shares. A determination by the Minister that two or more shareholders constitute a group of associated shareholders is to be binding at a general meeting of the company. Clause 7 empowers the Minister to annul a resolution of a general meeting of the company where the resolution is passed as a result of the irregular admission of votes, or where the resolution is contrary to the public interest. Clause 8 provides for the sale of forfeited shares and the return of the proceeds of the sale, less reasonable costs, to the previous owner of the shares.

In commending the Bill to the House, I ask members to consider that the future interests and the development of this State are involved in this question. I ask members not to allow themselves to be so overridden by worries about private rights that they allow the South Australian community to be put into a position where the concern for

private rights ends up damaging future generations of South Australians and the future development of this State.

Mr. TONKIN secured the adjournment of the debate.

QUESTION TIME

INVESTMENT

Mr. TONKIN: Can the Premier say what action the Government will take to remedy the present lack of committed and projected investment in this State in the mining and manufacturing industries as outlined by figures compiled by the Industry and Commerce Department? Under the categories of committed and final feasibility projects in Australia, the Industry and Commerce Department statistics show that South Australia's proportion of the national total of available investment funds is 2 per cent, as opposed to New South Wales 15 per cent, Victoria 14 per cent, Queensland 19 per cent, Western Australia 43 per cent, and Northern Territory 4·9 per cent. This must be read in conjunction with the population proportion figure for South Australia of 9·2 per cent. These statistics have caused considerable alarm, showing as they do that South Australia is lagging well behind other States in attracting investment and development. Mining and industrial experts agree that the development of mineral deposits at Roxby Downs, which at present is prohibited because of the Labor Party's ban on uranium mining—

The SPEAKER: Order! The Leader is now debating the matter.

Mr. TONKIN: —would have the effect of lifting South Australia's investment figures in comparison with those of other States, providing sorely needed job opportunities for the many thousands of South Australians currently out of work.

The Hon. J. D. CORCORAN: I noted with some alarm the figures referred to by the Leader. He was talking about the payments made to the various States by the Decentralisation Advisory Board allocations.

Mr. Tonkin: No.

The Hon. J. D. CORCORAN: The Leader talked about 2 per cent; I am certain that was the figure referred to by the Leader.

Mr. Tonkin interjecting:

The SPEAKER: Order! The honourable Leader has asked his question.

The Hon. J. D. CORCORAN: Well, I have misunderstood the Leader, but I want to refer to that point because it gave me some concern.

Mr. Tonkin interjecting:

The SPEAKER: Order! I do not intend to allow interjections during Question Time. The honourable Leader has had an opportunity to ask his question.

The Hon. J. D. CORCORAN: One of the reasons for South Australia faring as it has in this area is because of the criteria laid down by this board. The criteria for selecting a centre are either a population of 50 000 or a population of 15 000 and a growth of at least 1 000 over the past five years.

Mr. Chapman: That's got nothing at all to do with the question.

The Hon. J. D. CORCORAN: I want to take this opportunity, and I think I can—

Mr. Dean Brown interjecting:

The SPEAKER: Order! The honourable member for Davenport is out of order.

Mr. TONKIN: On a point of order and out of courtesy to the Premier, because he is right off the track, perhaps I might refer him to the figures as those coming from the Industry and Commerce Department statistics on committed and final feasibility projects in Australia. They were released about six weeks ago.

The SPEAKER: Order! The honourable Leader has had his opportunity to ask a question.

The Hon. J. D. CORCORAN: I said at the beginning of my reply that, although the Leader was not referring to these figures, I wanted to take the opportunity as well to mention these figures.

Mr. CHAPMAN: I rise on a point of order, Mr. Speaker. I appreciate the Premier's attempt to take the opportunity, to use his words, to give to the House some material in the interests of the Government, but this is Question Time and the Leader of the Opposition has directed a question to the Premier, who is deliberately avoiding—

The SPEAKER: Order!

Mr. Chapman:—giving an answer.

The SPEAKER: Order! The honourable member has been here long enough to know that, when the Speaker stands, he must resume his seat. There is no point of order.

The Hon. J. D. CORCORAN: I do not want to upset members opposite.

Mr. Mathwin: Just answer the question and you won't.

The SPEAKER: Order! I have already told the House that interjections are out of order. I call the honourable member for Glenelg to order.

The Hon. J. D. CORCORAN: If I keep going at this rate, it will take a long time to answer this question. Out of deference to the honourable member, I will come to the point the Leader has raised. He is complaining about the small amount of investment in this State. I do not know whether he was comparing the position with that in other States, because he did not give the figures for the other States, although he did mention the per capita basis. However, I point out to the Leader that no State in Australia has done very well in this area over the past three years. I do not know whether that is significant or whether it has anything to do with the election of the Fraser Government in this country.

However, this Government is doing everything in its power to attract industrial investment into this State wherever and whenever it can, and the Leader knows that. Indeed, if the Leader examines the incentives that are already available, whether it be pay-roll tax or through incentives in other forms available through the Economic Development Department, he will find that they are comparable to and in fact better than those offered in any other State in Australia. The Deputy Premier is currently examining all of these incentives to see whether they can be improved, whether in certain areas they are working, or whether other things need to be done.

I agree with the Leader when he says he would like to see an added impetus in this area for this State and, with the Deputy Premier, I am dedicated to seeing that this happens as quickly as possible. However, the Leader cannot escape the fact that the scene has been depressed not only in this State but on a national basis; he knows that as well as I do. Everything possible is being done to review the sorts of things that we need to do to attract investment into this State. On the other hand, as the Premier of this State, I am doing everything I can to encourage existing industries within this State to develop and expand wherever possible. I am meeting with them to explain that this Government is not anti-business, has not been anti-business, and will not be anti-business. We will carefully

consider any legislation that affects industry in any way, and we are looking and will continue to look at the industrial democracy scene, which has caused concern to some people. There is nothing more that I, or the Deputy Premier, can do at this point to encourage and improve the scene as it currently exists in this State.

EAST ADELAIDE PRIMARY SCHOOL

Mr. CRAFTER: Can the Minister of Education say what is the present position about providing new classrooms at the East Adelaide Primary School? This is a very old inner suburban school. Apart from the difficulties present facilities raise for the teachers and students, the fact that many temporary rooms are being used as classrooms means that valuable playing space for outdoor activities is occupied. There is some urgency about the matter. The relocation of classrooms would make more playing space available, and the classroom facilities at that school need to be upgraded generally.

The Hon. D. J. HOPGOOD: I am considerably flattered that the honourable member has directed his maiden question to me. The honourable member is a considerable ornament to the Chamber, and I am glad to be reflected in that radiance.

As the honourable member has said, the East Adelaide Primary School is an inner suburban school in need of upgrading. Earlier this year, a free-standing activities hall was completed for the school. In April, work began and is now proceeding on two projects. One project involves a new building which will provide for 12 teaching areas, an art room, wet areas, toilets, and so on. The second project involves the conversion of a cottage, which is currently on the site, into a drama and music studio. The work is well under way and is expected to be completed early in the next calendar year.

SUCCESSION DUTIES

Mr. GOLDSWORTHY: Does the Deputy Premier believe that succession duties should not be abolished in South Australia, despite the fact that we are now the only State which has not announced abolition of these duties within the family? The Deputy Premier is reported as telling a conference of Labor economists in the past week or so that succession duty is one of the few taxes left by which wealth can be redistributed. He also chided the Wran Labor Government in New South Wales for having the temerity to abolish that tax, obviously believing that this was contrary to Labor policy, *a la* Hudson. No doubt this would strengthen the position of the Deputy Premier with the left wing of the Party.

The SPEAKER: Order! The honourable member is now debating the question.

Mr. GOLDSWORTHY: I now turn to what the Premier said, in answer to a question, only a moment ago. The statement made by the Deputy Premier largely nullifies the efforts of the Premier to look like a conservative friend of the business men. While South Australia alone is levying this tax, it is losing investment and capital to the other States.

Succession duties have a devasting effect on businesses. The Premier has said that, if there is any legislative change which his Government can institute to assist business, he will do it—this is one area in which it can certainly be done. This tax also has a devastating effect on business and farms when a parent dies and also affects many ordinary people who are far from wealthy.

The Hon. HUGH HUDSON: There may well be arguments which suggest that the level of exemptions should be revised under the existing succession duties legislation, and that there should be a change in the system by which they apply. I do not think there is any justice in the Deputy Leader's claim that succession duties are somehow related to business investment. After all, to the extent that the majority of investment is undertaken by public companies, I am sure that even the Deputy Leader could work out that the connection between those public companies, succession duties, and the investment decision is quite irrelevant.

I point out to members generally and to the public at large that the Commonwealth has passed legislation to permit the States to introduce a secondary income tax, and it is likely that those States which abolish succession duties—with Western Australian leading the cause—will be the first to introduce such an additional income tax levy. Fundamentally, what the conservative forces are asking for is that the weight of taxation be redistributed in the community, to abolish succession and death duties and impose more income tax.

Mr. Goldsworthy: No.

The Hon. HUGH HUDSON: The Deputy Leader says that that is not true, but will he indicate rationally, how he will raise the equivalent revenue?

Mr. Goldsworthy interjecting:

The SPEAKER: Order! I am not going to allow Question Time to get out of order in this way by members calling out across the floor. The honourable Deputy Premier.

The Hon. HUGH HUDSON: All other States will be in trouble in this matter. New South Wales is involved in a loss of about $80 000 000 worth of revenue. Western Australia has already virtually said that it will introduce a separate income tax levy, and this is the Liberals' scheme. The levels of exemption under income tax are not the same as the kinds of exemption that apply with respect to succession duty. After all, no spouse pays succession duty in South Australia; 60 per cent of deaths involve no succession duty whatsoever; and 80 per cent of cases involve either no succession duty or succession duty of less than $1 000. Are these the kinds of distribution effect that apply to income tax? Of course not.

The fundamental fact is that the Liberal Party is wedded to the proposition that the wealthy should be able to pass on their wealth to create and continue family empires. They really want to succeed, no matter what happens. The Lang Hancocks of this world, for example, not to mention another gentleman who was prominent this afternoon, are able, no matter how they have ripped off the community in building up their wealth, to sustain that wealth for all time.

It is fundamental that, no matter how conscientious or honest people are, no-one builds up wealth entirely through his own efforts. Everyone requires some help from others in the community. Everyone requires some help in terms of the price people are prepared to pay for the goods produced or for the services provided, and so on. It is not unreasonable, and it has never been considered unreasonable in this country for 70 years or more, throughout the whole length of the Government of Sir Robert Menzies, that some part of that wealth should go back to the community on the death of the person concerned.

Mr. Goldsworthy: Wran is wrong?

The Hon. HUGH HUDSON: Yes, and I am glad to confirm that.

Mr. Goldsworthy: Everyone is wrong, except you?

The SPEAKER: Order! The honourable member has already asked his question.

Mr. Goldsworthy: I am helping him.

The Hon. HUGH HUDSON: One has trouble with the Deputy Leader, because his logic is exactly reflected in the kind of statement he has just made. He has deteriorated considerably since he was a schoolteacher.

Mr. Goldsworthy: You are the only one who is in step: all the rest of the Labor Party is out of step!

The Hon. HUGH HUDSON: We are entitled to a point of view, and to express that point of view. We are a Party concerned with the interests of the whole community, not just a particular section. Members of the Liberal Party, particularly here in the House of Assembly (and I never thought that I would be saying this), are becoming more reactionary even than their colleagues in the Upper House, and are acting more and more in terms of sectional and private interests. They are displaying their wares on that score more and more to the State as a whole. They are unreliable in what they are doing, and their views on this matter are never argued or discussed properly. They carry little weight so far.

WATER STORAGES

Mr. HEMMINGS: Can the Minister of Planning give the House any indication of the total capacity of water presently held in the State's reservoirs, and say how this compares with the previous year and whether at this stage he considers pumping from the Murray River will be greater than in the previous summer months?

The Hon. R. G. PAYNE: Knowing of members' interest generally in this matter, I have taken the precaution of coming armed with this information, which is as up to date as yesterday. The details are as follows:

Reservoir	Capacity Megalitres	Storage at 23.5.79 Megalitres	Storage at 23.5.78 Megalitres
Metropolitan reservoirs:			
Mount Bold	47 300	7 927	8 659
Happy Valley	12 700	8 331	8 495
Myponga	26 800	15 774	8 816
Millbrook	16 500	6 495	4 998
Kangaroo Creek	24 400	2 944	5 145
Hope Valley	3 470	1 255	1 343
Little Para	21 400	6 301	299
Barossa	4 510	4 138	4 244
South Para	51 300	16 006	11 182
Total	208 380	70 071	53 181
Country reservoirs:			
Warren	5 080	1 920	4 104
Bundaleer	6 370	2 842	2 830
Beetaloo	3 700	157	1 114
Baroota	6 140	3 153	1 074
Tod River	11 300	7 265	3 293
Total	32 590	15 337	12 415

The present total storage in the metropolitan reservoirs is approximately 34 per cent of the total storage capacity and is 16 890 megalitres more than at the same time last year. The present total storage in the country reservoirs is approximately 47 per cent of the total storage capacity and is 2 922 megalitres more than at the same time last year. The storage holdings in the metropolitan and country reservoirs are considered to be satisfactory for this time of the year, and it is not anticipated that there will be any difficulties in meeting demands in 1979-80. The extent of pumping required from the Murray River is uncertain and can best be determined following the winter rains. Therefore, this matter probably requires to be further considered before any definite announcement can be made.

BANK OF ADELAIDE

Mr. BECKER: Will the Premier say what was the content of the discussions he had with the directors of the Bank of Adelaide, Finance Corporation of Australia, the Federal Treasurer, Governor of the Reserve Bank and the Australian Bankers Association, and is he satisfied with the action taken in relation to the forced merger of the Bank of Adelaide? As a former officer of the Bank of Adelaide and President of the Bank Officials Association in this State, I am concerned about the employment prospects of about 1 200 bank officers employed by the Bank of Adelaide throughout Australia and 500 employees of F.C.A., as well as being concerned on behalf of about 10 000 Bank of Adelaide shareholders. I am also concerned about the representation in country areas and the employment opportunities at country bank branches in this State. Is it not a fact that, if the State Government had put more pressure on the Reserve Bank, the Bank of Adelaide could have been retained as a separate entity and F.C.A. could have traded out of its present problems? Can the Premier inform the House how much actual cash was needed to be injected into F.C.A.? What further relevant information can the Premier supply to the House on this matter in an attempt to retain these two South Australian companies?

The Hon. J. D. CORCORAN: I do not think that I need to go right back to the beginning of the involvement of the State Government in this matter, but it was only a week or so before I met with the Federal Treasurer (Mr. Howard), his Secretary (Mr. Stone), the Governor of the Reserve Bank (Mr. Knight), and his Deputy and other officers from the Reserve Bank. Accompanying me were the Chairman of the Bank of Adelaide (Sir Arthur Rymill), the Deputy General Manager (Mr. Dennis Gerschwitz), and the Assistant Under Treasurer (Mr. Basil Kidd). At that time the adviser to the Bank of Adelaide on the problem confronting it was Sir Norman Young. I am not certain whether any member of the party that travelled with me to Sydney was a member of the F.C.A.'s board. I do not know whether Sir Arthur was a member of that board.

Mr. Becker: He was.

The Hon. J. D. CORCORAN: If he was, that was the only representation from F.C.A. The reason why I sought the meeting with the Federal Treasurer was that on Thursday evening of that particular week the Governor of the Reserve Bank, Mr. Knight, travelled from Sydney to see me in my Adelaide office. He informed me that he was concerned about the trend that was developing and that certain proposals were to be put to the Chairman of the Bank of Adelaide, Sir Arthur Rymill, that same evening, although he did not elaborate on what the proposals actually were. Mr. Knight indicated to me that as the Governor of the Reserve Bank he was very concerned about the developments and said something needed to be done urgently. When I was first approached about this matter, the adviser to the Bank of Adelaide was not certain about how the matter should proceed. It was quite obvious that F.C.A. was in trouble. Although the Bank of Adelaide was the parent company, F.C.A., the subsidiary, had grown to the point where it was a matter of the tail wagging the dog.

After discussions with Treasury officers and members of Cabinet, I decided that I could act as a catalyst. In fact, my offer, which was made public, acted as a catalyst. The

offer was made on the basis that a consortium of companies in South Australia ought to be approached but that was not accepted; it was decided that an approach would be made to the A.B.A., which would act as a consortium. That arrangement was entered into, and it was decided to set up a consortium. The A.B.A. appointed a working party to examine the ramifications of the whole issue. The write-down at that particular time considered necessary by the Bank of Adelaide was about $36 000 000. When the valuations were finalised by the A.B.A. and its technical experts, it proved to be much more, amounting to, I think, an additional $28 000 000, although it was admitted that the A.B.A. was being super cautious.

The day after I met the Governor of the Reserve Bank of Australia (Friday) a phone call was evidently made to the Chairman of the Bank of Adelaide, telling him in specific terms that he had until Sunday evening to enter into a merger with another bank or, as I understand, the Reserve Bank of Australia would move in on the Monday morning. The board of the Bank of Adelaide did not know at that stage what was the position of the A.B.A. or the working party in relation to their support for the bank or F.C.A. Support for F.C.A., not the Bank of Adelaide, had been requested.

Because of this grey area, I sought the meeting with Mr. Howard in Sydney on the Sunday. This was an excellent move because it at least cleared the air on a number of points. I pointed out to the Governor of the Reserve Bank and the Federal Treasurer that the Bank of Adelaide board was in the dark on many matters. It did not know what was required of it or what the move-in statement meant. Indeed, it was only then that some clarification of the likely outcome of the A.B.A. consideration was obtained in relation to support for F.C.A. It was made perfectly clear that the A.B.A. would not support F.C.A. but would be prepared to support the Bank of Adelaide, which in turn would have to support its subsidiary.

I had no objection to that action because I realised that, immediately F.C.A. was all right, the Bank of Adelaide would be all right, provided it had that support. It was made perfectly clear by the Reserve Bank Governor that the one condition of that support by the A.B.A. for the Bank of Adelaide was that the bank merge with an existing Australian trading bank. I specifically questioned that condition and said I believed that that meant that the Governor of the Reserve Bank and the Treasurer were taking the opportunity to rationalise the banking industry in Australia, doing away with the smallest bank in Australia. They denied that and said that that would simply be the outcome of this condition.

I argued that it was possible (and in fact an offer was available) that a consortium of companies in South Australia was prepared to take over the Bank of Adelaide. Other people who were with me also argued that that was possible and stated that the matter could be resolved fairly quickly. It was made perfectly plain that that proposition was not acceptable. Sir Arthur Rymill, as Chairman of the Bank, had, in my view, no alternative but to do as he did and then to come back as quickly as he could to make the arrangements necessary to meet the requirements that had been laid down.

Everyone would readily recognise that it would mean a loss (and probably a considerable loss) to shareholders. Sir Arthur Rymill could see no way that this could be avoided, as the condition was so firm. However, debenture-holders and depositors in both the Bank of Adelaide and F.C.A. were protected. If F.C.A. had gone, that would not have been the end of it, either: there was a possibility that other finance companies would also be in trouble. Under those conditions, the Chairman of the Bank of Adelaide recommended to his board that negotiations be entered into with those trading banks willing to make an offer. The Bank of New South Wales had made an informal offer some time before, but it was not acceptable to the Bank of Adelaide.

In the light of events that have occurred and of the condition stipulated by the Governor of the Reserve Bank of Australia in the presence of the Federal Treasurer, there is nothing further that I can do to have that condition changed or to support the move made more recently for a consortium not engaged in the banking industry to take over the Bank of Adelaide. I have told the honourable member what occurred, and I see no opportunity, while that condition obtains, to change the situation. It would apear that only another bank will merge with the Bank of Adelaide. However, it pleases me that one of the conditions of the merger was that the employees of the Bank of Adelaide would be protected, although nothing has been said about the employees of F.C.A. I note that union officials are examining the matter, as they should be, because that is of major concern to me as the Premier and also to the Government. I hope that the bank that merges with the Bank of Adelaide will take care of F.C.A. employees as well as Bank of Adelaide employees.

GAS

Mr. KENEALLY: Enthused by the magnificent reply that the Deputy Premier gave to the succession duty question earlier—

The SPEAKER: Order! The honourable member must ask his question.

Mr. KENEALLY: I am about to, Sir. I ask the Deputy Premier what action Santos has taken to expand exploration and get oil and gas flowing as a result of action by the Bond Corporation. My question arises from an advertisement in today's *Advertiser* that states, in part:

> Bond Corporation didn't muck about. It marshalled money in nothing flat to expand exploration and to get oil and gas flowing, and fast.

Is that statement accurate?

The Hon. HUGH HUDSON: I did notice that statement in the advertisement this morning, and I was somewhat amazed by it. I think members ought to be aware of a few pertinent facts, because that statement, among others in the advertisement, illustrates the affinity that the Bond Corporation generally has for the truth and its willingness to engage in a little exaggeration.

The original Bond announcement was made on 30 August 1978. The deal was finalised on 30 November 1978, and the first board meeting at which Bond nominees participated was on 19 December 1978. The petroleum licences exploration programme for the calendar year 1979, involving at least seven companies as participants, was finalised in October 1978. There has been no variation in the scheduled level of Santos expenditure on South Australian exploration since that time—merely changes in the detail of exploration drilling within the approved budget guidelines and not related to any acceleration of expenditure. In our understanding, the only changes to the scheduled levels of Santos expenditure in the Queensland parts of the Cooper Basin since that time resulted wholly from increased obligations that were imposed by legislation by the Queensland Government in December 1978.

Great play has been made by Mr. Bond that he has raised $70 000 000. I met with the international energy bank people when they came to Adelaide last week, and

they made it clear that a telephone call to London would have been enough to get them here—they did not require Mr. Bond to travel half way around the world. What is also clear is that there are very considerable inaccuracies in Mr. Bond's claims about money that is to be borrowed. He has not yet secured a $70 000 000 draw-down for Santos—Santos, not Mr. Bond, must secure that, and there will be a whole series of conditions. It may well be that Santos cannot secure those draw-down rights without a further guarantee from those international banks that the money for a liquids scheme will also be available, so the public statements that Mr. Bond has made (both at the annual general meeting of the company and in the advertisement today) are not accurate, to my direct knowledge, in respect of exploration expenditure, as in South Australia the bulk of the exploration expenditure this year (probably 60 per cent to 70 per cent) is being undertaken by South Australian Oil and Gas with Government funds. Mr. Bond is playing with the truth and not giving an accurate account of the situation.

One of the greatest concerns of local members of the Santos board is that if Bond gains control of Santos he will use the borrowing power of Santos to get it involved in all sorts of other schemes, many of which will go phut, as is shown if one checks the liquidation rate of Bond Corporation subsidiaries. If one checks that, one will find that most of these new schemes (whatever they are) are likely to go phut, too, and when that occurs part of the financial strength of Santos will have been used up and it will not have that strength there when it wants to borrow money for a petro-chemical scheme.

Another thing that Mr. Bond does is say that he is responsible for the offer by International Oil to take Cooper Basin liquids to Brisbane. About that point, I find great difficulty in merely using the ordinary Queen's English. Mr. Bond is acting in that matter directly against the interests of South Australia.

If he had his way he would sell them off and have them go to Brisbane now, thereby cutting out the Redcliff petro-chemical scheme altogether, because once any arrangement was made with International Oil there would be no petro-chemical scheme whatever. There would be no prospect of that whatever. My answer to the member for Stuart is that this man's record demonstrates that his statements are unreliable, that he plays false with the truth, that he exaggerates, that he has an abysmal business record by the published accounts of the Bond Corporation—

Mr. Dean Brown: Will you repeat that outside the Chamber?

The Hon. HUGH HUDSON: I have said outside the Chamber already that one has serious doubts about the overall proposition when one compares the financial record of the Bond Corporation with the financial record of Santos. I have said that. Mr. Bond has a record of litigiousness. He would use a writ, and he has used writs, in order to stop public discussion. He has done that on a number of occasions. A writ still stands on the *Financial Review* from three years ago which has not been withdrawn and on which the Bond Corporation has taken no action. That writ was put on the *Financial Review* simply because it said that the Bond Corporation was late in putting out its annual report. That produced a writ.

There are other circumstances in which writs have been produced. I have said a number of things in public, but at this stage I am not putting myself, the Government or the public of South Australia in the position where Mr. Bond can start slapping writs about and stop public discussion by the device of having things declared *sub judice*.

If the member for Davenport had any concern for South Australia—and he has not; he is more concerned about Mr. Bond than about South Australia and its future development—he would understand that position. I suggest that the member for Davenport check the situation much more carefully than he has done so far, and that he get his colleagues and his own Party to check out the situation much more carefully. Then perhaps the previous decision of the Liberal Party to roll the Leader and the Deputy Leader will be reversed.

RAILWAY SIGNALS

Mr. CHAPMAN: Will the Minister of Transport explain how $971 000 of public funds was expended on a 1977-78 delivery of railway signalling equipment that was unsuitable for installation or effective use by the State Transport Authority? In effect, who made the enormous blunder, and what action has the Minister taken, first, to divest the person responsible of his authority and, secondly, to salvage some useful purpose from the reportedly obsolete equipment involved? A recent public report indicated that the purchase of this massive equipment order was undertaken without either proper research or appropriate authority, and it has proved to be a waste of public money, which wastage the Minister has for two years attempted to keep close to his chest.

The Hon. G. T. VIRGO: I did not hear the words that the honourable member used after saying "A recent public".

Mr. Venning: You were not listening.

The Hon. G. T. VIRGO: I was trying to do so, but there were too many interjections from the other side.

The SPEAKER: Order! The Chair will make that decision.

Mr. Mathwin: Just because you've got a suit on—

The SPEAKER: Order! The honourable member for Glenelg is out of order.

The Hon. G. T. VIRGO: The document which was prepared for the honourable member and which has been handed to me does not coincide with the question I asked of him. He said, "In view of the recent public something-or-other".

Mr. Chapman: That is in the explanation of the question.

The Hon. G. T. VIRGO: The honourable member said that a recent public report indicated certain things. The recent public report to which he referred was an allegation made by the most irresponsible member of the House, Dean Brown—

The SPEAKER: Order! The honourable Minister should say "the honourable member for Davenport".

The Hon. G. T. VIRGO: The member for Davenport. It was an inspired leak by, I would suggest, a member of the staff of the S.T.A. to the honourable member, in an endeavour to embarrass the State Government. That leak was a miserable failure. If the honourable member had read the press statement that I issued, he would know that, when the matter was drawn to my attention some two or more weeks prior to the *Sunday Mail* report last Sunday, I had, after discussion with the Premier, called upon the Public Service Board to conduct an investigation immediately to determine whether or not the allegations were correct. I did not accept them as being correct, as did the member for Davenport and the member for Alexandra; indeed, I still do not.

Mr. Chapman: Do you deny that there was $971 000—

The Hon. G. T. VIRGO: I am still awaiting verification of whether or not the allegation has substance; it has not been proved.

Mr. Mathwin: Go down and have a look.

The SPEAKER: Order! This is the third occasion on which I have spoken to the honourable member for Glenelg. If he interjects again, I will warn him.

The Hon. G. T. VIRGO: I do not intend to look. I intend to get people who are competent in the technical area to determine whether or not the allegations are correct. That is why I have asked the Public Service Board to conduct an investigation immediately. That investigation is proceeding.

Mr. Chapman: That was not the question.

The SPEAKER: Order! The honourable member has asked his question.

The Hon. G. T. VIRGO: Unfortunately, the member for Alexandra and the member for Davenport are too intent on condemning people before the facts are known.

Mr. Chapman: But they're two years old—fair go!

The SPEAKER: Order! I warn the honourable member for Alexandra. On several occasions this afternoon I have had to speak to him. Opposition members complain about their lack of opportunity to ask questions during Question Time. They are not helping their associates by interjecting; they are only limiting the number of questions asked.

The Hon. G. T. VIRGO: The report makes the claims that the honourable member has repeated; he is simply being Little Sir Echo regarding a report which has been improperly leaked to the Opposition to embarrass the Government. However, it is not embarrassing the Government one iota.

Members interjecting:

Mr. Chapman: It will.

The Hon. G. T. VIRGO: Of course, the honourable member will try to make capital out of it. He will make capital out of anything if he has half a chance. Let him get his own Party in Canberra to deliver the goods, and to stop back-tracking on taxes and roads, as it is doing at present. This is a Government of action; it will take action when the facts are proved, but not before then. We do not believe in capital punishment, as the honourable member does. We believe in finding out whether there is a case to answer. When that case has been proved, we will take appropriate action. If it is not proved, we are not out to take action against people if it is not justified.

Mr. Allison: Tell us about Salisbury.

The SPEAKER: Order! I have already spoken once to the honourable member for Mount Gambier. I will warn him.

The Hon. G. T. VIRGO: If the member for Alexandra will just restrain himself for a little while until this matter has been carefully, thoroughly and expertly investigated by the Public Service Board and that report has been presented to and acted on by the Government, he will be better served than going out and supporting some of the criminals he did two days ago.

Mr. CHAPMAN: I rise on a point of order, Mr. Speaker. I ask you to call on the Minister of Transport to withdraw that disgraceful statement. He said that I supported criminals in this State a couple of days ago. To use this place to reflect on those outside in that way calls for me to ask you to ask the Minister to withdraw that statement forthwith.

The SPEAKER: Does the honourable Minister intend to withdraw?

The Hon. G. T. VIRGO: I can see no reason to withdraw a statement of fact.

The SPEAKER: The honourable member has asked the honourable Minister to withdraw, and I think that on this occasion he should do so.

The Hon. G. T. VIRGO: Out of deference to you, Sir, I am pleased to do it.

Members interjecting:

The SPEAKER: Order! I do not intend to allow any more interjections. That is the second time I have said this. I have been very lenient this afternoon. I realise that honourable members have returned full of vim and vigour, but I do not intend to allow further interjecting.

COUNTRY CENTRES

Mr. MAX BROWN: Does the Premier believe that South Australian country centres are fully using Federal Government assistance available through the Commonwealth decentralisation development programme in an endeavour to attract new industries to those centres? I point out that Senator Messner, a South Australian Senator, recently saw fit publicly to attack country centres and country-based industries. He talked about a lack of interest by country employers in trying to help themselves through this scheme. I am astounded that Senator Messner should say this. From my attempts to obtain financial assistance under this scheme for new or existing industries in country areas, I have found that the criteria laid down under this scheme is either impossible to understand or makes it difficult to achieve any worthwhile progress towards establishing or improving industries in country areas.

The Hon. J. D. CORCORAN: In fact, at the outset of Question Time I was going to cover this point in reply to the Leader of the Opposition. I thank the honourable member for the question. It gives me an opportunity to give the lie to the very misleading statements of Senator Messner. I will read parts of a report I have received through the Minister of Economic Development from his permanent head, Mr. Bakewell, as follows:

> It is true that to date South Australia has had very few projects receive assistance under this programme. Only one firm in South Australia, Pacific Salt in Whyalla, has received approval for a loan of $500 000 under the board's guidelines. The difficulty with the scheme for South Australian industries concerns the eligibility guidelines. Normally projects must be located in selected non-metropolitan centres with long-term growth prospects in order to be eligible for assistance. The criteria for selecting a centre are either a population of 50 000 or a population of above 15 000 and a growth of at least 1 000 persons over the past five years. In addition, a project in a non-metropolitan centre may be eligible to receive assistance provided the centre has demonstrated long-term growth prospects as a result of its resource base or location.
>
> South Australia, however, is the most highly centralised State in Australia, and the population criteria generally operate to the exclusion of South Australian non-metropolitan centres. Only three centres in South Australia are eligible under the criteria requiring 15 000 population and a growth of 1 000 persons over the past five years—Whyalla, Port Augusta and Mount Gambier.
>
> In regard to these three centres, Port Augusta is highly dependent on Government activity (ETSA/ANR) and the difficulties of attracting firms to Whyalla (or inducing existing firms to expand) are well known.

The honourable member would know this well indeed. The report continues:

> Mount Gambier, therefore, presents the best prospects for eligible projects obtaining Decentralisation Agency Board funding. Generally DAB officers take a hard line in establishing eligibility of centres under the final criteria, resource or location specificity. Under this heading projects in Murray Bridge and the Riverland have been submitted for

consideration; however, projects need to prove the resource or location specificity of the centre in each separate project. Overall the type of project arising in South Australia is not conducive to DAB consideration—motels are particularly common and yet rarely receive approval from the board.

The report goes on at length to explain the difficulties, which can best be summed up by saying that South Australia is the most highly centralised State in Australia and the programme favours the more decentralised States. Regarding the higher amount to Tasmania, we know that every Federal member for Tasmanian districts is a Liberal member.

The second point is that the population eligibility criteria operates to the exclusion of South Australian centres. We have tried to get this criteria altered, without success. The officers vigorously opposed the criteria, but the board accepted it reluctantly. South Australia has only three centres, to which I have referred, with a population of 15 000 which have grown by 1 000 over the past five years. The eligibility under the final criteria—resource or location specificity—is generally difficult to establish. We will make every attempt we can to try to take advantage of this funding, but I also point out that the assistance is in the form of a loan at the long-term bond rate interest; it is not a grant. It is not the sort of thing people would normally see as a great incentive for people to decentralise.

SALINITY

Mr. ARNOLD: Can the Minister of Planning say whether he has done other than express in the media disappointment at the decision of the New South Wales Government to increase irrigation water allotments by 10 per cent across the board in that State? Since the announcement was made about one month ago I would expect that, in the interests of South Australia, the Minister has been to Sydney to fight against the decision. This decision by the Labor Government in New South Wales will result in increased salinity levels in the South Australian section of the Murray River at the same time as the salinity level is more than that recommended by the World Health Organisation as being safe for human consumption, and the South Australian Government is intending to increase irrigation and drainage rates by 12½ per cent. The effect of the 12½ per cent rate increase is bad enough, without the additional loss of crop potential resulting from increased salinity. Even if the New South Wales Government has no legal obligation, it should have a moral obligation in relation to a major national water asset—

The DEPUTY SPEAKER: Order! The honourable member is now commenting.

Mr. ARNOLD: —and the effect of its action on South Australia. I ask what negotiations have been held and what has been achieved.

The Hon. R. G. PAYNE: The member for Chaffey rather altered his question as he was explaining it. First, he asked what action I had taken other than going into the press (to paraphase a little of what he said). I can tell him that I had taken two other actions that perhaps he has not realised. As well as writing to the Minister in New South Wales, I have written to the Federal Minister (Mr. Newman) on this topic, urging an earlier meeting of Ministers than was originally scheduled.

The honourable member would know that recently an election was held in Victoria, and for some strange reason there was certain inability to get Ministers to meet on a date earlier than is now possible. I am sure the honourable member understands that that matter was not in the hands of the South Australian Government. The election was held in Victoria, and I think the other State concerned and the Commonwealth recognised that it was not possible.

I state, for the benefit of the honourable member and other members opposite, that I see the solving of the problem arising over salinity in the Murray River as probably the most important task I have in my new portfolios, and I hasten to assure him and other members that I do not look at this matter lightly. I also suggest that, as I have held the portfolio for only a short time, I would be an idiot if I rushed in, made decisions, and took action, before I understood the problem fully, was completely briefed, and had a complete knowledge of the whole matter. I have set out to do that, and I am sure the honourable member is not suggesting that the position about the history of the Murray River and the salinity that has occurred will change overnight. Certainly, I am not pleased about the action taken by the New South Wales Minister concerned. I make that quite clear, and that has been expressed to him in the letter that I have sent.

However, I also point out to the honourable member that he has introduced another matter, namely, the increased charge for irrigation and drainage announced recently, and somehow he has tried to tie the two matters together. They are not necessarily tied together, because the reason why there has been an increase of that order, which I believe is the minimum that the Government could put upon water users because of the economic conditions that now apply, and so on, is that that amount is needed because at present the maintenance and operation return on the supply of water to all irrigators is 60 per cent and 70 per cent.

I am sure the honourable member will not suggest that the Government would be exercising good financial management if it failed to recover the costs of the operations that it engages in or is engaged in. I ask the member to consider that before he asks me another question on those matters. It is my job to ensure that proper financial control applies to this matter.

Members interjecting:

The Hon. R. G. PAYNE: I believe it was done efficiently. I tried to give the utmost possible notice to the growers. I understand that they have problems about the fines now proposed, and a notice period is involved in that so that people will understand what they are involved in. I have tried to be as fair as possible and I am sure that the honourable member, on reflection, will agree with what has been done.

I am aware of the problem about salinity in the Murray River and will try to do whatever I believe is necessary to hold the line, but it is not a matter for headstrong action without reflection. I propose to deal with the matter in a considered way.

PITJANTJATJARA LAND RIGHTS BILL

The Hon. R. G. PAYNE (Minister of Planning): I move:

That the Pitjantjatjara Lands Rights Bill, 1978, be restored to the Notice Paper as a lapsed Bill pursuant to section 57 of the Constitution Act, 1934-1976.

Motion carried.

The Hon. R. G. PAYNE brought up the report of the Select Committee recommending amendments to the Bill, together with minutes of proceedings of evidence.

Report received.

PROSTITUTION INQUIRY

The Hon. D. W. SIMMONS (Chief Secretary): I move:

That the Select Committee of Inquiry into Prostitution, appointed on 15 August 1978, have power to continue its sittings during the present session, and that the time for bringing up the report be extended to Thursday 16 August 1979.

Motion carried.

SESSIONAL COMMITTEES

Sessional committees were appointed as follows:

Standing Orders: The Speaker and Messrs. Corcoran, Eastick, McRae, and Russack.

Library: The Speaker, Mrs. Adamson, and Messrs. Allison and Simmons.

Printing: Messrs. Dean Brown, Max Brown, Harrison, Slater, and Wilson.

ADDRESS IN REPLY

The Hon. J. D. CORCORAN (Premier and Treasurer): I move:

That a committee consisting of Messrs. Broomhill, Corcoran, Crafter, Hemmings, and Hudson be appointed to prepare a draft address to His Excellency the Governor in reply to his Speech on opening Parliament, and to report on the next day of sitting.

Motion carried.

PUBLIC ACCOUNTS COMMITTEE

The Hon. J. D. CORCORAN (Premier and Treasurer): I move:

That pursuant to the Public Accounts Act, 1972, Mr. J. H. C. Klunder be appointed to the Public Accounts Committee in place of Mr. J. W. Olson resigned.

Motion carried.

ADELAIDE UNIVERSITY COUNCIL

The Hon. J. D. CORCORAN (Premier and Treasurer): I move:

That one member of the House be appointed, by ballot, to the Council of the University of Adelaide as provided by the University of Adelaide Act, 1978, in place of Mr. J. H. C. Klunder resigned.

Motion carried.

A ballot having been held, Mr. Crafter was declared elected.

Mr. EVANS: Mr. Speaker, on a point or order, could the House be given the figures of the ballot so that we may know how members polled?

The SPEAKER: It is not the usual practice.

Mr. EVANS: I am not asking about the usual practice. I wonder whether we may be given the figures, because we do not always follow the usual practice: that was shown by an example earlier today. That is why I am asking whether the figures could be disclosed.

ADJOURNMENT

The Hon. J. D. CORCORAN (Premier): I move:

That the House do now adjourn.

Mr. DRURY (Mawson): I draw members' attention to the matter of the Ku Klux Klan which has come to my attention, because the person who wished to initiate this odious organisastion in South Australia is a constituent of mine (not that I am very proud of it; nevertheless, it is a fact). I decided earlier this year to raise this matter in an adjournment debate but, unfortunately, we did not have an opportunity during the last sitting. Nevertheless, I raise this matter now and, in doing so, I pay personal tribute to our former Premier who, during his 25 years in this Parliament, was a great fighter against racism.

The Ku Klux Klan is known in the United States of America as a racist organisation based on white supremacy, and I will dwell briefly on its origin and activities in that country. After the American Civil War, the Congress initiated a period of reconstruction, not only physical in the sense of reconstructing buildings and cities but also social reconstruction.

That meant putting the former slaves on the same footing as the white people. The Confederate States were built on a slave labour economy for almost 100 years, and the former Confederates were not happy about having power over slaves taken away. United States Congress was determined to make the freedom of former slaves a reality, but that was in direct confrontation with the southern belief that negroes were inferior to whites, subhuman, and unsuitable for admittance to the human race.

Mr. Allison: This was the possibility in *Roots*.

Mr. DRURY: You may quote that if you like. The Federal authorities had military power with which to back up their determination, and this was a formidable weapon. They Ku Klux Klan was originally organised as a social club by six former Confederate Army officers in Tennessee. They took the Greek word "kuklos" meaning circle as their symbol. One of the founders suggested splitting the word "kuklos" in two and substituting the last two letters with "ux" to make Ku Klux. As all members were of Scottish descent, they took the word "clan" and substituted a "k" for the "c"—thus Klan.

Initially, they did not set out deliberately to terrorise or frighten negroes, or anyone else. It was the practice in those days during the long period of boredom for former Confederate officers to adopt various modes of dress, and these six men decided to drape themselves in white sheets with pillow slips on their head, in which were cut the necessary eye holes. They rode through their home town of Pulaski in Tennessee, and found that this frightened the former slaves who still wallowed in ignorance in spite of the efforts of the Federal Government. Consequently, the founders of the Ku Klux Klan had unconsciously found an effective method of frightening and intimidating former slaves, while simultaneously opposing in secrecy the occupying Federal troops.

Unfortunately, the Ku Klux Klan found that this method was so successful that the movement grew at an extremely alarming rate. Very soon, the cloak of illegality was used to carry out acts of physical violence and murder. The two main aims of the Klan were to deny the negro educational rights and the ability to register for a vote. Therefore, school teachers were a prime target and were singled out for beating, tarring and feathering, and even hanging. In 1869, the elite group that controlled the Klan and the leader, the Grand Wizard, decided to disband the organisation. This was done officially, but it still existed unofficially.

In 1870 and 1871, Congress took legislative action to reduce the power of the Klan but it still continued to exist underground. As State Legislatures grew in power, so the power of the Klan waned. From the overt acts of violence

used to influence the negroes not to vote or seek education, there grew more subtle forms of legislative discrimination aimed directly at negroes. Therefore, the Klan practices of night riding, cross burning, branding of people, and house burning began to cease. The Klan re-emerged in 1915, and its influence peaked in the 1920's. In addition to negroes, Jews, Catholics, foreigners, and organised labour were added to the list of victims.

The klan emerged again in the 1960's in reaction to civil rights measures, but it had lost a considerable following by that time. I bring this matter to the notice of the House because I have the unfortunate honour (if one can call it that) of having as one of my constituents a man who has decided to take it upon himself to organise the klan in this State. I believe it is wrong to ban any such organisation because it is prone to violence, and the experience in the United States is evidence of this. It is far better to alert the people of this State, or anywhere else, about the klan, its origins and objectives, because I believe that if people know more about the klan, what it has done, and what it seeks to do now, they will reject it even more than they have done so in the past.

In Australia we have never had slaves, but we do have a great problem emancipating our Aborigines. I and my Party believe that Aborigines have the same rights as we have. My Party has always fought for the rights of Aborigines, and our former Premier had made himself the spearhead of Aboriginal rights and reforms, providing a much better standing for these people in the community than they had under former Governments. That is my own personal tribute to Don Dunstan, because I believe that minority ethnic groups (not only Aboriginal) have a far better future in this State because of him.

The klan will never take on in this State because we Australians do not have the same characteristics as southern Americans. Whilst we may have similar economic conditions here we do not have such a deep burning hatred of racial background. I stress that there are few people in this community who will gravitate towards such an organisation, but I hope that by bringing this matter to the attention of the House people will become aware of the odious nature of that organisation and the lack of principle for which it stands.

Mr. EVANS (Fisher): I wish to raise a matter that I have raised in this House on previous occasions. In the past when I have raised this matter it has been seen as a joke by most members, the news media and people who have not experienced the problem. Now that the millipede menace has spread to many parts of South Australia, and in particular moved into the inner-metropolitan area, more people are becoming concerned about the effect that it is having upon their lifestyle.

The millipede is not native to Australia: it came from Portugal. It was first noticed in large numbers in the Port Lincoln area. The Port Lincoln people and those people living at the bottom of the Eyre Peninsula suffered from this problem for many years while the rest of the population of South Australia ignored it, thinking that it was of no real concern to them. Millipedes were subsequently found in plague proportions in the Adelaide Hills, in the Bridgewater area near Vimy Ridge. Again, because it inconvenienced a small section of the community, it was treated as a joke by most other citizens of South Australia. The millipedes have gradually spread from the Bridgewater area into the Stirling, Aldgate and Crafers areas, and until two or three years ago they were found mainly in the areas I have named, although there were also small infestations in other parts of the State. Suddenly, in the past three years, however, this pest, which lives on decomposed organic material, has spread to many parts of metropolitan Adelaide and to other country areas.

The millipede has been spread by people using caravans that have been parked in their backyards in infested areas. When they go to a camp site or a friend's property, they take the pest in small numbers with them. One millipede can reproduce about 250 of the species. People visit friends in the infested areas and, while they enjoy good hospitality, the millipede moves into parts of the underbody of the car. Millipedes have a great ability to hang on, and are transported to other areas in this way.

They are also transported by people buying plants and soil to develop gardens. In this way people automatically create infestations within their own neighbourhood. In shifting house people take millipedes in their cartons and goods. Suddenly we find millipedes in the western suburbs, to the extent that a television programme guest recently stated that he enjoyed the motel in which he was staying but did not enjoy the three or four millipedes that joined him in bed during the night.

Some members may think that it is a joke, but for people who have never experienced such pests in their living environment, especially in sleeping quarters, it is enough for them to tell others that when one goes to South Australia one should take something to kill the bugs that infest the rooms. Here was a case of a person speaking on television telling the community that he was amazed to find millipedes in a South Australian motel. One cannot blame the motel, because people who have experienced the bug know of its ability to creep and crawl through any crack in a building.

The Federal Government has said that it is willing to pay for half of a programme to attempt to find some method of control of this species through the C.S.I.R.O. A Dr. Baker, who has carried out much research into this species of millipede, was available, in the C.S.I.R.O., to go to Portugal to study the pest. The Federal Government said that it was willing to pay its share for an officer to go there, but he could not afford to sit around and wait for somebody in the State Government to make the decision about when it would make available its half of the cost of a three-year programme, the total cost being about $160 000, and the State's share being about $80 000. Dr. Baker took an appointment in Europe, and his appointment will finish in September. Therefore, if it is believed that he is the best person to use on a programme to do some research on biological control or other control of this species, we need to be acting now.

The State Minister of Agriculture said he would ensure that the matter was raised at the entomological meeting of Australian Ministers of Agriculture and their departmental officers earlier this year. The subject was not discussed, or finality was not reached on how the matter should be approached. It was not pushed by the Minister, because I believe he thought it was not a vital issue. I do not know whether he has changed his mind.

Other States have some infestation of the bug. Western Australian has a small infestation; Victoria has a few infestations, as has New South Wales. In some States, including New South Wales, people are allowed to use malathion, which is a good means of destroying the bug if one can make contact with the species with the spray. However, South Australia is not keen on people using such material in large doses and, to control these species, one would have to use large doses.

A committee was formed in the Hills to attempt to convince the State Government that it should spend some money on solving this problem. To date we have failed, but we have been successful working with Mr. Peter Birks,

who was made available by the State Minister, to look at methods used by different people to attempt at least to slow down the spread of the species.

Mr. Birks has produced a fact sheet which tells most people only what they already know. You can put six-inch glass around the base of your house, if it is suitable for that purpose, and the millipedes cannot crawl up the glass, so they are kept out of the house. One could have a moat and a drawbridge, and millipedes cannot swim across the moat. If one puts a stainless steel or highly galvanised steel tube in the ground, curved at the top sides, the millipedes can crawl only to the end. If there is a bucket of water handy, they will fall into the bucket and eventually drown.

They have the ability to crawl into drainage pipes, particularly those in septic systems. They can live in the trap and crawl through the bent sections of the trap into the bath, hand-basin or sink. This was proved by residents who put plugs in sinks overnight. When the plugs were removed later, the millipedes crawled into the sinks. They have the ability to live under water for a period.

People have used the sprays made available by councils, but they are effective only for a short period. The Stirling council is spending about $10 000 a year in giving away spray. Government members may laugh, but if that has to be done throughout the State we will have serious problems with the native insects that are beneficial to the garden environment being destroyed. We must be conscious of that. We are asking the Government for $80 000 over three years, which is not a large sum. Government members should realise how much property values have been decreased by the infestation of millipedes. When the Valuer-General next takes the value of property, the Government and local government will be losing revenue from water and sewerage rates because of depressed property values.

In the end result, if we do not find a solution to the problem the cost will be probably $2 000 000 or $3 000 000 over five years. The Government would be wiser to spend money now, rather than lose potential revenue because of depressed property values. I ask the Government to realise the seriousness of the problem and to see how the millipedes can effect the quality of life. Members whose districts are not bothered by this pest can laugh about it, but, when the millipedes start moving again in the spring, members will realise the seriousness of the problem.

The SPEAKER: Order! The honourable member's time has expired.

Mr. McRAE (Playford): Usually, I deal with only one topic in grievance time, but this evening I have a number of disparate aspects to mention. I begin with the success that this grievance time has proved to be. Granted, there are few people in the House, few on-lookers, and no newspaper reporters. Nevertheless, looking back over the grievance addresses I have made in the past couple of years, I can see the great success rate achieved.

Members may recall that, on one occasion, I dealt with a grave injustice that had been done to constituents of mine in the retail managing field of industry who, because of blackmail and other intimidatory tactics in the industrial battle line, had been denied award justice. As a result of that speech, and much work by many people, I am proud to relate that the whole ambit of the Shop Conciliation Committee Award in this State and throughout the country has been changed. At this moment, a work value case is proceeding before Mr. Commissioner Stevens in the State Industrial Commission.

On another recent occasion, I dealt with a constituent who, in a certain bizarre incident, had been hurt when an Alsatian dog had leapt on to his back. He had suffered a back injury, resulting in a complex history of workers compensation and other claims. I was able to expose in this House the way in which A.G.C. Finance Company had dealt with him so badly and so bitterly. Using that speech, I was able to approach the Board of the Bank of New South Wales and, in that way, get them to redress this man's problems.

This leads to my second topic. In a speech two years ago I was able to explain, because of yet another bizarre experience that occured to a client of mine, how useless were the then prevailing gun laws. Members may recall that I explained that a client of mine who was a deaf mute went into a wellknown department store in the city and, without a licence and without being able to speak or hear, simply in writing with no cash, simply on credit, acquired a shotgun, a silencer, and several rounds of ammunition. He ended up killing three people, and that mass slaughter was a horrible thing. It was as a direct result of that speech that gun laws in this State were changed. My first topic was to indicate that some of the pessimism felt about this grievance debate was not justified, provided one has the evidence to put forward. I congratulate both the member for Mawson and the member for Fisher tonight on the way in which they addressed the House.

Turning to my second topic, gun laws, members will not be surprised to find with the history I have already given that I am unalterably opposed to any change in the law that would make the acquisition or keeping of guns more easy. I am very pleased to find that the regulations under our new gun laws will soon be in operation but I am appalled to find that no less than 150 000 applications for licences are expected by the Police Force and that one of the reasons for the delay in the introduction of the regulations, has been the acquisition of the necessary computer machinery to process such a thing. In the light of that, how surprised I was to find that I was the recipient of a pamphlet sent in an envelope suspiciously postmarked in the Rundle Street post office. This was on behalf of an alleged group of citizens who seem to demand that I should support the United States type of gun-acquisition and gun-holding capacity and laws. I may be unkind, but I have a sneaking suspicion that the money and motivation behind the preparation and distribution of that pamphlet was to some extent contributed to by a nearby and very large and profitable gun dealer.

I wrote back and said I had no hesitation in condemning their application for my support and that, in no circumstances would they get it. Through Caucus and every means available to my Party, I will be saying that, as soon as the existing gun law regulations come into force, they need to be tightened yet again. I certainly will not rest in the light of the violence that surrounds us. To think that in this State, it is necessary that there be 150 000 licences for guns boggles the imagination. It is against every striving for progress that has been made in this State. If that is a true reflection of what is going on throughout the country, the mind boggles at what is going on in New South Wales and Victoria. Events such as the Truro event, and certainly events in the Eastern States over the past few years would persuade honourable members to my view.

My third topic is *cannabis*. Prior to the release of the report of the Royal Commission on the Non-Medical Use of Drugs, Caucus of my own Party decided there would be a conscience vote on this matter. I had reached the conclusion that I would not support the legalisation or decriminalisation of marihuana or other drugs that were heavier than that, but I kept my options open until I had the opportunity to read the report. First, I congratulate the Premier on what I think was a very responsible step he took in deciding that the Government would not legislate

in this matter. I do not believe that there would be 50 per cent of members of this House who would support it: in fact, I doubt whether there would be 25 per cent, and that would be about the community support one could expect.

However, I think the rest of the Royal Commission report should not be overlooked. Whilst I have a sneaking suspicion that there were some extravagances in the preparation of the report (and I will not go into that in detail), the remainder of the material prepared seems to have been well researched and detailed. I have not read the whole report, but the features strike me as having been extremely well done.

Dr. Eastick: Do you mean extravagances associated with its production?

Mr. McRAE: I have not time to deal with that polite interjection. My fourth topic deals with methods of punishment and rehabilitation, and I hope to deal later with this in much more detail. I am amazed, in the current context of being concerned about the punishment of criminals (and so we should be), that people have such an unbalanced view of methods of punishment that we have. I can say from practice in the law courts that in this State it is far safer to hit your neighbour in the face, in terms of the penalty you will get, than to break one of our licensing or drinking laws. That is an appalling state of affairs. I have always believed that offences of violence should be punished, not with a bag of lollies and a tap on the head, but with severity tempered with mercy in the appropriate cases.

Regarding driving under the influence, I acknowledge the shocking road toll and I have no sympathy for the drunken driver and the offence he is committing. However, I am amazed that we have reached the stage where we have limited our options to heavy fines, imprisonment, and suspensions, forgetting that none of these things can help the drunken driver or rehabilitate him. All they will do is harden and embitter him. None will help his family. They all hit the poorer man more than the rich man, and none of them will help society.

We need far more flexibility, and I suggest that, if a man must be imprisoned for an offence such as this and other non-violent offences, other offences that are not fully intentional, we ought to introduce army barrack style prisons, where a man can have some dignity and work out why he is kept in imprisonment at night. We could have provision for 15 weekends in such a barracks rather than one month at once. Why should a man be destroyed? Why should his family be wrecked? That is exactly what is happening now. The poorer the man the less able he is to cope, and the more he relies on driving for his occupation the more severely he will be hit. That is the ridiculous situation we have now reached. Most lawyers will say that, in terms of punishment in this and other States, it is safer to punch a neighbour than to break the licensing laws.

Motion carried.

At 5.8 p.m. the House adjourned until Friday 25 May at 10 a.m.