

**LEGISLATIVE COUNCIL.**

Thursday, June 27, 1957.

The PRESIDENT (Hon. Sir Walter Duncan) took the Chair at 2.15 p.m. and read prayers.

**QUESTIONS.****CELLULOSE SHARES.**

The Hon. L. H. DENSLEY—Can the Attorney-General state when Cellulose Australia Limited decided to issue further shares, and whether the shareholders will be allowed to dispose of the rights to shares which are available to them?

The Hon. C. D. ROWE—The decision of the company to issue extra shares was made after the time Parliament last sat. In other words, the Government had no opportunity since the issue of the shares to bring the matter before Parliament. In answer to the second question, private individuals have the right to dispose of their rights to the shares if they wish to do so.

**FOY & GIBSON BUILDING.**

The Hon. F. J. CONDON (on notice)—

1. What was the purchase price of the property formerly known as Foy & Gibson's?
2. What amount has since been spent on alterations etc. to date?

The Hon. C. D. ROWE—The replies are:—

1. £452,500.
2. £133,548.

**COMMONWEALTH CONSTITUTION.**

The Hon. C. R. CUDMORE (on notice)—Has the Attorney-General anything further to add to the answer given on February 12, 1957, to my question regarding the presentation of the States' case for the proposed amendment of the Commonwealth Constitution?

The Hon. C. D. ROWE—The Government has given serious consideration to the request that it should confer with the other State Governments with a view to appointing a committee to make recommendations regarding amendments required to the Commonwealth Constitution. The Government is firmly of the opinion that there has been, in recent years, a tendency by the Commonwealth Government to spread its activities and to encroach into spheres which are properly the provinces of the States. The Government feels that this is not in the best interests of the people, nor does it lead to efficient government. It does not feel at the present time that there are any further powers required by the Commonwealth

and will oppose any attempt by the Commonwealth Government to extend its powers whether by alteration to the Constitution by referendum or by reference of the power by the various States. The Government is aware that not all States share its views in these matters. Because of this divergence of opinion, no good purpose would be served by seeking the appointment of a committee as requested. However, as indicated above, the Government has very firm views on this matter and the Premier personally appeared before the committee appointed by the Federal Parliament and expressed the Government's views to that committee in quite clear terms.

**BUILDING CONTRACTS.**

The Hon. E. ANTHONY (on notice)—

1. Is the Housing Trust "a constructing" authority in its own right?
2. If not, when tenders are called for buildings, do all builders have an opportunity of submitting tenders?

The Hon. C. D. ROWE—The replies are:—

1. The Housing Trust has power to construct building either by day labour or by contract. In fact it is the invariable practice of the trust to place contracts for the erection of its houses.
2. Whenever a new project is started, the trust calls for tenders and any builder may submit a price. However, the trust also extends contracts for continuous work, and has found this practice very satisfactory.

**ADDRESS IN REPLY.**

Adjourned debate on motion for adoption.

(Continued from June 26. Page 43.)

The Hon. F. J. CONDON (Leader of the Opposition)—I heartily support the references regarding the extension of His Excellency the Governor's term of office. We have been very fortunate over a long period in having good vice-regal representatives, and His Excellency is no exception. He and Lady George have endeared themselves to the citizens of this State, and the extension of his term affords great pleasure to all.

I congratulate the Honourable Mr. Wilson, the mover of the motion, on his speech. Mr. Wilson has rendered valuable service to the returned servicemen in South Australia. I also congratulate the Honourable Mr. Cowan, the seconder, who is a son of a worthy ex-Minister of the Crown. They both delivered excellent speeches, in which they sang the

praises of the Government. I say with all sincerity that I have never heard these members deliver better speeches than they made yesterday. They maintained the very high standard which is recognized in this Chamber. Only a few months ago it was my pleasure to second the Address in Reply at the Centenary Celebrations. My speech then was one of congratulation for what had been accomplished in this State over the past 100 years. However, it is not to be expected that I should be in full accord with His Excellency's speech, and I shall refer to some paragraphs that do not meet with the Opposition's approval. Before doing so, however, I support Mr. Wilson's remarks about the late Commissioner of Police, Mr. Ivor Green. I first met Mr. Green many years ago when he was Clerk of the Court at Port Pirie. He rose from that position to one of the highest official positions in South Australia, performed his duties well, and I am sure we all regret his passing.

In the press recently it was announced that the present Acting Commissioner of Police, Superintendent J. F. Walsh, is retiring. I pay a tribute to the work that he has done over many years in this State, and regret very much that the Government has not seen fit to extend his term of office as we have done for other officials on many occasions. Many years ago we extended the term of office of Brigadier-General Leane for five years.

The Hon. E. Anthoney—Was it Mr. Walsh's wish that his term be extended?

The Hon. F. J. CONDON—I do not know; I am merely pointing out that we extended Brigadier-General Leane's term.

The Hon. C. R. Cudmore—But he was the Commissioner.

The Hon. F. J. CONDON—He was, but when he was due to retire at 60 we extended his term. Last year a Bill was introduced to extend the term of office of the Deputy Police Commissioner for another five years, and I think it would have been a suitable gesture by the Government if it had recognized the valuable service rendered by Superintendent Walsh, to whom the State owes a great debt of gratitude, and extended his term.

When listening to the Governor's speech, I was somewhat amused at the back scratching of those in power. Frequent references were made to the Government and what it has done. I always thought that Parliament was supreme, but I appear to have been wrong. Why not do away with both Houses of Parliament in South Australia, with the other five State Parliaments and even the Commonwealth Parlia-

ment, and leave the conduct of Australian affairs to the big eight who are members of the Ministry? Of course, we are told the Playford rule is the best of Australia, but that is according to Government supporters.

The Hon. E. Anthoney—The honourable member's Party contributes to that idea, too.

The Hon. F. J. CONDON—The honourable member is intelligent enough to know the difference between a Liberal and a Labor Government. In paragraph 3 of his speech His Excellency referred to the prosperity of this State. Only one thing was left out, and that is that the Playford Government was not thanked for 11 good seasons or for the wonderful rains we have had. How that was missed out I do not know.

The Hon. E. Anthoney—They were too modest.

The Hon. F. J. CONDON—This paragraph also refers to the living conditions of people in this State. I do not agree with those remarks nor does any member of the Opposition, and I shall endeavour to show why. The workers have nothing for which to thank the Playford Government. Every time the Labor Party introduces reforms in the interests of the people of this State they are opposed by this conservative Government. We are told that we are the best off of any State in Australia, but I do not accept that because of the miserable consideration the workers have had. They have had quarterly wage adjustments taken away from them yet we are told that the standard of living in South Australia is better than in other States. The workers have been robbed of what those in other States have received, and have had the worst deal of any in the Commonwealth—in living standards and conditions, the basic wage, workmen's compensation, and in industrial legislation, in all of which we lag far behind any other State.

The Hon. C. D. Rowe—I think the excessive unemployment in other States with Labor Governments disproves that.

The Hon. F. J. CONDON—Nobody wants to see unemployment, but there will be more unemployment in South Australia in the next 12 months than there has been for many years, which will be caused because we have a Government that does not consider the majority of people.

The Hon. L. H. Densley—How do you account for the unemployment in Western Australia and other States?

The Hon. F. J. CONDON—I am speaking on behalf of the workers here, and pointing out what they are subjected to compared with

those in other States. Consider any legislation you care to choose and it is on a higher plane than South Australian. In April last the New South Wales Government introduced an amendment to the Workmen's Compensation Act—which, prior to that, was far better than ours—giving further benefits to workers in that State, and it is an Act that we might well copy. Adelaide is supposed to be the best city in the Commonwealth; we are supposed to have more prosperity than any other place, but I repeat that if we have that prosperity it has been secured to the detriment of the workers. Whenever there is an application before the Federal Arbitration Court seeking an increase in the basic wage or improved conditions for the workers our Government sends a highly trained legal officer to the court for the purpose of opposing any reforms or benefits. It was done in the 44-hour case, in regard to quarterly adjustments, and so forth.

The Hon. C. R. Cudmore—Don't you always fight for your side?

The Hon. F. J. CONDON—That is what I am trying to do this afternoon, but my friend wants only one-way traffic; a Labor man has no right to do it. What are we here for?

The Hon. E. Anthoney—I have often wondered.

The Hon. F. J. CONDON—I will tell you a few things that have been accomplished in this Council by the Big Four. We are an acquisition to this place and whenever the Government brings down reasonable legislation we are prepared to support it. We are told that the workers of South Australia are a particularly good lot of people. If so, why don't they receive the same treatment as workers in other States? I know some avenues of employment in which people are paid less in South Australia than any part of the Commonwealth. Legislation which should be on the Statute Book for the benefit of the industrial section of the community does not exist because of the rotten electoral system that allows a minority Government to retain office, and favours individual members. I am informed that the Legislative Council rolls are in a shocking condition; that a large number of eligible voters misunderstand the position. If it is necessary to have compulsory enrolment for the House of Assembly, the Senate and the House of Representatives, which honourable members opposite support, why not have it for the Legislative Council? This Council has agreed to legislation compelling a person over the age of 21 to enrol as a voter for the House of Assembly, and failure

to do so renders him liable to a severe penalty. Members in this place subscribe to that so why not apply it to themselves? We should advance with the times and not think only of individual interests. What does it matter whether you or I or anyone else is in Parliament so long as we stick to principles. We talk about Democracy.

The Hon. C. R. Cudmore—You call it Democratic Socialism now.

The Hon. F. J. CONDON—The honourable member will be out, even with the Communists, to defeat the Labour Party at the next elections. The mover of the motion spoke in the interests of the primary industries and no-one here is better qualified to speak for them. I do not subscribe, however, to the go-slow policy of the farmer any more than I subscribe to the go-slow policy on the part of anyone, for if we want to progress we must all do our bit.

The Hon. E. H. Edmonds—What does the honourable member mean by the go-slow policy of the farmers?

The Hon. F. J. CONDON—I refer to the advice given to them not to sow more wheat—to go slow because they could not get the price they wanted. What if the worker said "I am not going to work tomorrow because I cannot get the wage I want"? What would my friends opposite say then? It was a wrong policy for people in positions of high authority to advocate a reduction of wheat acreage.

The Hon. E. Anthoney—The general body of farmers did not say it.

The Hon. F. J. CONDON—Their representatives did.

The Hon. L. H. Densley—Neither did their Governments.

The Hon. F. J. CONDON—I know this is not acceptable to some members—

The Hon. L. H. Densley—It is not true either.

The Hon. F. J. CONDON—I will let that go by; I am sure the honourable member does not mean to say I am a liar. The chairman of the Australian Wheat Board advocated it and representatives of the farmers in South Australia recommended it. That you cannot deny. It was done last year. I will give figures to show what occurred. I am not unmindful of the fact that there has been a considerable changeover from wheatgrowing to barley growing. Farmers are also undertaking more wool production, and I do not blame them for that, but I blame their leaders for advocating a go-slow policy in the growing of wheat.

The Hon. E. H. Edmonds—It does not mean that they are going to sit down and do nothing.

The Hon. F. J. CONDON—That is what they advocated. Sir John Teasdale who was a big farmer connected with the Bulk Handling Co-operative Society in Western Australia and is chairman of the Australian Wheat Board advocated it, also the local representative. I am strongly opposed to anyone who suggests a go-slow policy. For the season 1956-57 an area of 7.8 million acres was sown to wheat in Australia, about 23 per cent less than the previous year, and the lowest acreage for 42 years. The yield per acre this year is expected to decline from 19 to 17 bushels. The anticipated production of 134.7 million bushels is 31 per cent lower than the output for the previous year. Sowings were restricted in all States in 1955-56, the area sown in South Australia being 1,609,000 acres, with a production of 28 million bushels. For the season 1956-57 an area of 1,450,000 acres was sown producing 31,000,000 bushels, which amounted to a better average per acre.

Owing to our overseas markets receding Australia is suffering considerably. During the war and some years after we relied to a large extent on our export trade to pay for home consumption, but when we lost some of our export trade the burden was thrown back on the home consumer. If a man places his money in an industry he is entitled to a reasonable profit. I have never disputed that, but the position today is that other countries are subsidizing their exports to the detriment of Australia. Therefore, the onus is thrown back on our local consumers. I have previously referred to the closing down of big flour mills at Balaklava and at three other country centres because of the lack of flour exports. Australian Governments must realize that what we are gaining in one respect we are losing in another.

The Hon. S. C. Bevan—Don't you think that increased shipping rates are playing a part in it?

The Hon. F. J. CONDON—I attribute the position chiefly to the fact that America, Germany, Canada, France and other countries are subsidizing not only flour production but wheat production, and this is to our disadvantage. How it will be overcome is not for me to say. Whereas some people may say Australia is prosperous, we may not be so prosperous in the future.

The Hon. E. H. Edmonds—Can you suggest how the difficulty could be overcome?

The Hon. F. J. CONDON—Possibly the only thing which could be considered would be the payment of subsidies. We subsidize butter to the extent of 1s. a pound and also other items, but we do very little subsidizing when it comes to flour. If a manufacturer is in a position to carry on without a subsidy, he should do so.

The Hon. L. H. Densley—Don't you think that tariffs to a degree amount to a subsidy?

The Hon. F. J. CONDON—The only subsidy I know is that paid to the farming community. These are not only my opinions, but those of quite a few men who are opposed to me politically. Prior to the war we were the largest exporters of flour in the world. I am not advocating subsidies, but pointing out the difficulties under which Australia, particularly South Australia, is labouring.

There has been much reference to the work of that socialistic enterprise, the Electricity Trust. Perhaps it is just as well to recall what happened in this place in connection with its establishment. I do so because so much credit has been taken by this Government for the new power stations at Port Augusta and Osborne and the development of Leigh Creek, but I remember you, Sir, giving your casting vote when the Electricity Trust Bill was introduced into this Council and defeated. I remember a special session of Parliament being called to reconsider the Bill, which was carried by one vote with the help of five Labor members. Is the Government not prepared to give some credit to Parliament, which in my opinion is supreme? I remember standing here and fighting the very severe opposition to the introduction of legislation dealing with Leigh Creek, and if it had not been for Labor members that legislation would not have been placed on the Statute Book. The Government should be fair with regard to what has been accomplished with regard to the Electricity Trust, and at least give Parliament some credit.

I turn to a matter which concerns the river members. I listened with a great deal of interest yesterday to my honourable friend, Mr. Cowan, dealing with the River Murray problems. I support everything he and the mover, Mr. Wilson, said in that respect. Every assistance should be given to those people who played such a wonderful part during the recent floods, and indeed it is Parliament's duty to assist them in every possible way. There is a strong agitation for a bridge across the River Murray, but that agitation is not as strong today as it was a few years ago because of the fact that Parliament was responsible for legislation

which authorized the construction of a road around Morgan known as the North Road.

The Hon. C. R. Story—When will it be finished?

The Hon. F. J. CONDON—That I cannot say, but I think that every effort should be made to finish it as early as possible. The position today is that there are six different requests for a bridge over the river, and all are entitled to consideration. The Public Works Standing Committee will not make any rush decision because it is too important a question, and once a bridge is built it will be there for all time. The committee has an open mind and is determined to consider the majority of the people concerned and the potentialities of the various areas. It is now seeking information regarding the potentialities from the departments concerned. I estimate that a bridge at Blanchetown and another at Kingston would cost £1,500,000. We all hope that what the committee decides to do will be in the best interests of the State.

I think the Government has made one of its greatest mistakes with regard to office accommodation for Government departments. In 1937 the Public Works Standing Committee made a recommendation on this question. My friend Mr. Anthoney was a very valuable member of the committee at that time, as was my esteemed friend, the late Sir John Cowan, father of the present member. The recommendation was for the erection of a block of buildings at the corner of Victoria Square and Flinders Street and extending eastward across Molton Street to Victoria Place. The estimated cost was £254,000, plus £8,000 for supervision, etc. I do not know why that recommendation was not carried out. Even at that time Government offices were spread all over the city, and public servants were called upon to work under adverse and unhealthy conditions, but the Government did nothing in the matter. Within the last year or two the Government purchased for £452,500 a building known as Foy & Gibson's building, and since that time it has spent £133,548 on alterations and further alterations have yet to be made. It could have constructed a far superior building with that money, and it stands condemned for not carrying out the recommendation which would have meant a large saving. Recommendations are still being made by the Public Works Standing Committee on various matters but nothing is done because the Government has not the money to carry out the work.

Let me return to the question of the basic wage which I referred to earlier in my speech.

I do not think any honourable member here would care to work and receive only the basic wage today, but when the Labor Party makes any attempt to increase the wage this Government uses every possible means to defeat it. I impress upon the Government that it would render a better service to the majority of the people if it were a little more sympathetic to the working people.

The Hon. E. Anthoney—The Government always pays its awards promptly.

The Hon. F. J. CONDON—But it does everything in its power to defeat them. It has never missed an opportunity to oppose the workers on the hours question, the basic wage or quarterly adjustments, and it paid a considerable amount of money to send a high legal official to represent it.

The Hon. C. R. Cudmore—I thought you believed in arbitration.

The Hon. F. J. CONDON—So I do, but I do not believe in a Government with two faces trying to tell the workers it is doing everything it can for them and yet never missing an opportunity of pinning them down to the lowest possible standard. His Excellency in his speech referred to the high charges for River Murray water. Why not take the people to where the water is? For years we have heard a lot about decentralization but nothing is ever done about it.

The Hon. E. H. Edmonds—The first essential is to have the people willing to go.

The Hon. F. J. CONDON—The people will go where they have everything they want.

The Hon. E. H. Edmonds—Not always.

The Hon. F. J. CONDON—We heard talk of a British firm coming here to undertake ship building, but I claim that there was never any suggestion or intention by a British company of coming to South Australia. I say that was all 'hooley.

The Hon. C. D. Rowe—I do not think the honourable member should make that statement.

The Hon. F. J. CONDON—I have made it and the Minister has the opportunity to contradict it. I have yet to learn that I have to ask my honourable friend what I can say. There is too much window dressing. We all know that the Government cannot accomplish what it sets out to do because it has not the wherewithal, so why doesn't it admit it?

It has been suggested that some Government charges will be increased. I have referred on many occasions to water rates, and I give Parliament credit for what has been done over a number of years in extending

water supplies. Tenders will be called shortly for a reservoir at Myponga, which will cost over £3,000,000. The South Para reservoir has been under construction for a number of years, but what is the use of saying that works will be done when there is no intention of carrying them out?

The Hon. L. H. Densley—It is good to have a reasonable programme.

The Hon. F. J. CONDON—Yes, but not one for the next 20 years, as was the case with a Government office building.

The Hon. Sir Arthur Rymill—Any pre-war recommendation would be right now, whatever it was.

The Hon. F. J. CONDON—The Government 20 years ago considered that an office block was an urgent necessity because of a shortage of rented premises and the conditions under which public servants had to work. The work could have been completed then for £254,000, but it was not proceeded with, yet £584,000 was spent recently to purchase Foy and Gibson's building.

The Hon. C. R. Cudmore—Do you want the Government to go slow in planning?

The Hon. F. J. CONDON—No, but I know that works have been recommended to Parliament that will not be commenced in the next 15 years.

The Hon. Sir Arthur Rymill—The Government would have had to pay for that office building at pre-war money values and on pre-war taxation, so it would have cost just as much proportionately.

The Hon. F. J. CONDON—I say it would not, and nobody can defend the purchase of Foy and Gibson's building. Every week more than 100 families are seeking homes, and in many cases they are desperate. I have no criticism to make against the Housing Trust, which I think is doing a good job, but it has not sufficient money available. A few years ago the excuse was that materials and labour could not be obtained, but both are plentiful now. Despite what the Minister for National Development, Senator Spooner, said, I do not agree that South Australia is one of the States in which the housing lag is being caught up. The housing position here is still bad despite what has been done, and unless the Federal Government is prepared to give some consideration to the South Australian Government we will not catch up with it. During the past 12 months 3,000 homes have been completed, but 6,000 new applications have been made. If a man wants to purchase a home he must pay a substantial deposit because the amounts

available from lending institutions vary from only £1,750 from the State Bank to £2,500 from other institutions. That might have been all right a few years ago when many workmen were receiving overtime, but they are not now in a position to meet the situation.

Some reference has been made to a water scheme for Kangaroo Island, and I hope that the engineers of the Engineering and Water Supply Department are successful in obtaining a supply. The Minister of Roads should have a look around the trust areas, where approach roads should be more accessible. I know the Highways Department has a big job throughout the State, but when a new suburb is opened there should be reasonable conditions so that people can obtain access to their properties. Recently legislation has been passed to provide that people who wish to subdivide must provide roads, and this is a good provision, but the trust does not have to abide by it.

A matter that refers particularly to the Port Adelaide district is the soot problem, which causes damage to homes near factories. Nobody wants to see industrial concerns interfered with, but as large companies that had some difficulties years ago were able to deal with problems caused by dust and other things, I cannot see any reason why some attempt cannot be made to deal with the present problem. Some properties have to be cleaned out every other day and expensive furnishings have been ruined. The people affected are working people who cannot afford to have their property damaged, so some attempt should be made by legislation to ensure that everything possible will be done to combat the nuisance.

No reference was made in the Governor's speech to the Public Works Standing Committee, and probably if I did not refer to this important body members might think I am slipping. Since the January report was tabled quite a number of projects have been submitted to the committee, and recommendations have been made. Mr. Cowan referred to sewerage for South-Eastern towns. When I visited the South-East four or five years ago I witnessed what was going on there in relation to sewerage problems. It has been said a sewerage scheme for Gumeracha should not have been recommended because it was one of the late ones, but it was recommended to safeguard the health of the people, which necessitated that something be done immediately. In many cases matters have been referred to the Public Works Standing Committee, which has made recommendations, but nothing has been done.

The board has given an interim report on the Naracoorte, Mount Gambier, Port Pirie, Port Augusta, Port Lincoln and Victor Harbour sewerage schemes. All of these are important towns, and although I know it is a question of money, in the interests of health the Government should try to do something to carry out these schemes. I know they will cost councils money, but something must be done to safeguard health.

Since presenting its last general report the committee has recommended the following projects:—Institute of Medical and Veterinary Science (central sterilizing unit), Barossa Reservoir to Sandy Creek water main, Salisbury High School (woodwork and domestic arts centre), Enfield High School (including woodwork and domestic arts centre), and Findon and Marion High Schools (woodwork and domestic arts centre), Myponga reservoir and trunk main, Port Pirie hospital additions, Hundred of Cummins water supply, which was very urgent, the Supreme Court building (new wing), for which tenders have been called, the Blackwood-Belair water supply system and many other things. We were compelled, on the report of the Transport Control Board, to close the Millicent-Beachport and the Wandilo-Glenoe railway lines. It is not an easy thing to decide to close lines that have been in operation for many years, but when it is found that the people neglect to use them, for reasons best known to themselves, and when faced with the necessity of relaying the tracks, we cannot recommend their retention. No railway can be closed without the consent of the Public Works Committee, and I think that, if we took a broad view, from the economy angle a few more lines would be closed.

The Hon. E. Anthoney—Has the committee ever reported against the closing of any line?

The Hon. F. J. CONDON—Not that I can remember. We closed the Gawler, Moonta and Mundoora to Port Broughton tramways, but I cannot recall any other.

The Hon. K. E. J. Bardolph—What about the Glenelg line?

The Hon. F. J. CONDON—I understand that the reason for closing the Glenelg line was that the district did not have sufficiently important Parliamentary representation. I make my comments this afternoon without any ill-feeling. The Opposition has a case to put and we are submitting our viewpoint in all sincerity. I assure the Government that if it introduces legislation that is for the benefit of the majority of the people it will have our support, but if I am any judge a few things may be

introduced this session that will not have our support.

The Hon. E. ANTHONY secured the adjournment of the debate.

#### JOINT COMMITTEE ON TOWN PLANNING APPEALS.

A message was received from the House of Assembly agreeing to the Council's resolution and intimating that the Assembly members on the Joint Committee would be Messrs. Coumbe, Stephens and Fred Walsh.

#### CELLULOSE AUSTRALIA LIMITED (GOVERNMENT SHARES) BILL.

Received from the House of Assembly and read a first time.

The Hon. C. D. ROWE (Attorney-General)  
—I move—

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

The Surplus Revenue Act of 1938 authorized the Treasurer to underwrite the issue of 100,000 £1 shares in Cellulose Australia Limited, which was at that time being formed for the purpose of setting up a factory to manufacture cellulose paper and board. This action was taken by the Government in order to assist in the establishment of an important industry in the south-east of the State, and in accordance with the underwriting agreement the Treasurer was called upon to take up shares to the amount of £23,273. It will be recalled that during the early years of its existence the company experienced considerable difficulty and the Government gave it further assistance in two ways.

In the first place, through the Industries Assistance Corporation, a further £4,655 was subscribed as share capital. When this corporation ceased activity and went into voluntary liquidation in 1946 these shares were transferred to the Treasurer, as the debenture holder for the corporation. Secondly, after an exhaustive inquiry by the Industries Development Committee, the Government agreed to guarantee £100,000 of the company's overdraft with the State Bank. By 1951 the company was in a position to seek fresh capital and release the Government guarantee, and to assist with this capital reconstruction the Government sought authority from Parliament by the Surplus Revenue Act Amendment Act, 1951, to subscribe for the further shares offered to it—amounting to 18,300 shares at £1. Thus the total investment by the Government in this company at face value is £46,228, consisting of 23,273 shares subscribed for in accordance with the 1938 underwriting agree-

ment, 18,300 shares subscribed for in the capital reconstruction of 1951, and 4,655 shares handed over by the Industries Assistance Corporation upon its liquidation.

For some time now the Cellulose Company has been a successful undertaking, and the guarantee given by the Government was cancelled in 1951. Since then the company has expanded its mill, and in February this year proceeded to the issue of additional capital on the basis of one ordinary £1 share for each two shares held. The Treasurer thus became entitled to 23,114 shares at par, making the total Government holding in the company 69,342 shares. I notice that Cellulose £1 ordinary shares are now quoted on the market at 40s. This company uses some 7,000,000 super feet of pulpwood from our South-Eastern forests annually, and it is anticipated that the association of this company with Australian Paper Manufacturers Limited in the construction of a new mill in the South-East will expand the usage of pulpwood by a further 15,000,000 to 20,000,000 super feet annually.

The success of the Cellulose Company is an example of Government association with private enterprise in the establishment and operation of a profitable industry. The company is providing employment for 300 employees.

Clause 1 gives the "short title." Clause 2 (subclause 1) authorizes the Treasurer to apply for and take up the shares to which he is entitled. Subclause 2 directs that the money required shall be paid out of the Loan Fund. Subclause 3 appropriates the funds required. Subclause 4 states that the shares taken up pursuant to this Bill are in addition to any other shares held by the Treasurer. Clause 3 gives the Treasurer power to sell shares whenever he deems it appropriate. I commend the Bill to honourable members.

The Hon. K. E. J. BARDOLPH (Central No. 1)—In rising to support the Bill I say at the outset that Labor played just as important a role in the development of this industry as the Government is claiming for itself. The industry would not have been established unless the recommendation of the Industries Development Committee had received the majority support of Parliament in 1942. The Minister quoted the Surplus Revenue Act of 1938 which Labor supported, not only in this Council, but in another place, indicating the wisdom of the Government interesting itself in private enterprise for the development of the State's natural resources. The Treasurer was empowered to underwrite shares to the face

value of not more than £100,000 provided that other persons had previously underwritten shares to the face value of twice the amount of the value of the shares underwritten by the Treasurer. A further provision was:—

That the said company shall have previously agreed with the Treasurer that whenever supplies are available, the said company shall at all times (other things being equal) purchase from manufacturers, merchants and producers resident in the State of South Australia its requirements of plant, machinery, manufactures and raw materials for the use of the said company, and shall, unless the Treasurer otherwise permits, employ South Australian workmen in its undertaking.

It is probable that some members here will oppose this measure on the ground that it is not the prerogative of the Government to become involved in private enterprise, but this company has a very illuminating history. I happen to be one of the members appointed by this Chamber in 1941, in company with the Hon. J. L. S. Bice, to the Joint Industries Development Committee. One of the first submissions was made to the committee on August 27, 1942, being an application from Cellulose (Aust.) Ltd. for a guarantee under the provisions of the Act. The committee held the first meeting in August, 1928, and met on 15 occasions, taking evidence not only in Adelaide, but in Mount Gambier from quite a number of very responsible people. After due deliberation it came to a unanimous decision, and what guided members in arriving at that decision was the fact that the company found itself in financial difficulties owing to the heavy burden of interest charges on the capital invested, and the lack of productive power at that stage. I pay a compliment to the Barr-Smith family, and particularly to the late T. E. Barr-Smith who was one of the sponsors of this industry and invested £125,000 of his own money in the project. He undertook to subscribe pound for pound on any new capital sought on the public market. The Bank of New South Wales held a first debenture on the company of £80,000, and the estate of Mr. Barr-Smith held second and third debentures amounting to £125,000, and on a fourth debenture Mr. T. E. Barr-Smith, Junior, had an amount of £30,000. That was the position the company found itself in. The total expenditure at the date of inquiry on buildings, plant, materials and working expenses amounted to about £500,000. The war intervened and the company found that with the price fixed—

The Hon. C. R. Cudmore—The war started in 1939.



The Hon. K. E. J. BARDOLPH—The company was not in production until 1942 and found the financial hoops tightening, £80,000 being owed to the Bank of New South Wales and between £54,000 and £60,000 to sundry creditors. The price fixed at that time by the Commonwealth Prices Commissioner for the board being manufactured, namely, chip board, which was made from scrap paper, was so low that the company was unable to make a profit and to meet ordinary general working expenses. Coupled with that, when it was about to enter into production it lost its manufacturing industrial chemist, who was seconded to another company similarly engaged, with the result that it was still further retarded in getting on the market with its production. It was further impeded by a direction from the Commonwealth Prices Commissioner to the effect that it could not undertake the manufacture of Manilla board. It was a very profitable board, which was being manufactured solely by Australian Paper Manufacturers Ltd. I point these things out to show the perilous journey which this company had to endure and the difficulties it had to surmount in establishing the industry after having received the guarantee by the State Government.

The Hon. C. R. Cudmore—The trouble seems to have been price control.

The Hon. K. E. J. BARDOLPH—No. In my opinion it was an effort made by a certain monopoly in Australia to crush the cellulose industry in order to gain the lease which the Cellulose Australia Limited had with the Forestry Department in the use of thinnings from the forests from which cellulose was made. That was one of the contributing factors to the difficulties. The Industries Development Committee made a very exhaustive investigation and carried a great responsibility in recommending the guarantee of taxpayers' funds. No such report is made to the Treasurer unless there has been a full inquiry.

The Hon. E. Anthony—Does not the honourable member think that such reports should be made to Parliament?

The Hon. K. E. J. BARDOLPH—The honourable member had the opportunity to speak about that when the Act was being amended, but never attempted to move an amendment as he now suggests. The legislation has been amended in both Houses on several occasions. The cellulose industry is one of which South Australia can be proud. It employs 300 workers, who played a prominent part in its establishment and continuance. Labour was very scarce in 1942, and there was an effort to

have manufacture pegged for this particular industry. In the establishment of a new industry there are many teething troubles. I compliment the board on relieving the company of the responsibilities of the guarantee given by the Government for £100,000. All this Bill seeks is to continue the provisions of the 1938 Act whereby the Government has certain rights in the issue of new shares with the company.

During the war perhaps it was not possible to use forest thinnings for the manufacture of pulp. Members know of the scarcity of building materials and box making materials during that period. Not only were thinnings from trees of six inches diameter used, but also thinnings from trees of three and four inches diameter. They were used in the manufacture of boxes for the export of certain primary products, particularly fruit. It is necessary, in accordance with the agreement entered into in 1938, that all forest thinnings should now be used. If a pulp mill is not established the value of the thinnings will be lost to the revenue of the State. Consequently, the Opposition wholeheartedly supports the measure.

The Hon. C. R. CUDMORE (Central No. 2)—I first draw attention to Standing Order No. 14 which provides:—

Until the Address in Reply to the Governor's opening speech has been adopted, no business beyond what is of a formal or unopposed character shall be entertained.

That is very clear. It has been the practice for many years now to interpose in the Address in Reply debate two things—an Appropriation Bill and a Supply Bill to enable the Government to carry on its affairs. Because the financial year ends on June 30 we are usually asked to pass a Supply Bill before that date to enable the Government to carry on its services between July 1 and the introduction of the Budget. We have always obliged the Government by suspending Standing Orders and allowing those two Bills to go through. The Attorney-General this afternoon asked us to suspend Standing Orders to enable another Bill altogether to be dealt with. We agreed to this. I had heard outside that there would be some excuse given for our being asked to suspend the Standing Orders and that there was some urgency for this Bill being interposed in this way. I believe that the further we get away from our Standing Orders and the proper practices of Parliament, the more trouble we will get into. I imagined that the Attorney-General would have given us some real reason for the urgency or otherwise of the measure to justify our being asked to suspend Standing Orders. I am afraid that in the course of my

remarks I will have some pretty rough things to say about the Government's treatment of Parliament and particularly its treatment of this place. I realize that this is a Treasury Bill, and ordinarily would have been handled by the Chief Secretary. It is the Attorney-General's misfortune that he has to handle it, and therefore, anything I have to say will not be personal. I am disappointed that no attempt was made to give any reason why we were being asked to suspend our Standing Orders and to deal with this matter today.

The Hon. K. E. J. Bardolph—The option has to be taken up by the end of the month.

The Hon. C. R. CUDMORE—You may have that information, but I have not. We would be quite justified in adjourning this matter, because no reason has been given why we should not do so. This sort of procedure shows a very scant courtesy by the Government to Parliament itself, and I deprecate this sort of thing. Parliament must insist on its own rights and respect itself; if it does not it will no longer hold the respect of the public.

This Bill is supported wholeheartedly by Labor members. We have just heard that, and no doubt it would be because it is a nice example of Democratic Socialism, which I understand is the latest way the Labor Party describes it. It is a very short Bill, but in my opinion highly controversial. As for being unopposed, it is far from that, because it involves a serious principle. The Government desired to assist industries to get on their feet, and that is the only reason why the Industries Development Committee was appointed. It was never intended that when those industries got going the Government should continue to use loan money and taxpayers' money generally to engage in trading in those industries. That is the principle we are dealing with today. Is this House satisfied that it is right to leave money in industries which boast about their own success and the fact that they are paying dividends, and is it right that that money which was put in for the special purpose of helping them to get going should continue to be used? It is a matter of principle, and personally I think it is entirely wrong that we should not only be leaving the Government's money in a well-paying and prosperous concern but paying more money into it.

The Minister was asked, in effect, why the Government did not sell its rights. I do not know the answer to that, but I suppose it must have had some arrangement with the company. Why should the Government con-

tinue to put more money into a well-paying concern, and what suggestion has Parliament ever made that it would agree to such a thing? The Minister gave us the history of how the Government came into this matter, and it was pointed out that it got further into this as the result of the recommendations of the Industries Development Committee. My honourable friend, Mr. Bardolph, has told us all about the Industries Development Committee and how it had the information. I think the fact that he has the information which nobody else has is a clear indication of the evil and the danger of having Parliamentary committees which do not report to Parliament. That committee is one and the State Traffic Committee is another; they are simply facades. The Industries Development Committee makes inquiries and reports to the Government—in effect, the Treasurer in this case—and the Premier can use that information and act on it. I think it is a very dangerous practice, and I hope that Parliament will never again appoint Parliamentary committees which have the power to demand information from people and yet not have to report back to Parliament. It is taking away the power of Parliament.

The Hon. K. E. J. Bardolph—Why didn't you try to get an amendment when the Act was before the House? We have amended the Act twice.

The Hon. C. R. CUDMORE—I have objected to it, too. I have no doubt that the Industries Development Committee did very good work during the war, and this is a case in point in which there is no doubt that they saved the industry by authorizing the Government to come in and help Mr. Barr-Smith. It enabled the industry to continue and become a payable concern during the war, but that is no reason why the Government should continue to pay more money into this really well-paying concern. Parliament authorized the Government to help industries which were in difficulty during the war, but it never authorized the Government to use public money to join in trading with a well-established, paying concern. I believe in private enterprise. I quite understand Labor members supporting the Bill.

The Hon. K. E. J. Bardolph—Private enterprise failed in this undertaking.

The Hon. C. R. CUDMORE—The Government has been extraordinarily unfrank in asking Parliament to pass this Bill. It has not told us what happened, but I suppose that being a shareholder it was offered these

additional shares and applied for them and then probably found that it could not pay because it never had the authority of Parliament and had to seek our approval for that reason. Nothing has been said as to how or when it has to pay, and unless that is made clear I shall certainly not support the Bill going through today because there is no earthly reason so far advanced as to why it should. Vague mention has been made of this point, and Mr. Bardolph has had something to say about it. I notice that in another place and in the press it was stated that one of the reasons why we were asked to pass this legislation was to keep the Government in this industry so that it would in some way participate in a bigger concern which is to come forward later. It was stated that the Industries Development Committee had not investigated this new project, and nobody knows anything about it except what we have seen in the press. It would appear that the Government will be involved in another £500,000.

The Hon. K. E. J. Bardolph—The industry has not made any application to the Government for an investigation.

The Hon. C. R. CUDMORE—Quite frankly, I regard the whole thing with suspicion. Parliament has not been treated frankly or fairly in the matter, because it should have been told what this new company was all about. I realize the Government is in a bit of a jam, and having applied for these shares and been allotted them it cannot pay for them unless Parliament authorizes it. My present inclination is to agree that it should be authorized to pay for them and take them up on the very clear condition, as far as I am concerned, that it sells them and does not get further involved. I have an amendment on the file to say it must sell them as soon as it can as long as they are not sold at a loss. That protects the taxpayers' money, and it should not very severely affect the market. This Chamber, in trying to help the Government by allowing them to buy these shares, should make it clear in principle that we are not being committed to these new large companies or to the Government's putting money into these sort of ventures and continuing to trade with others at a high rate of profit. That is not why Government money is collected or borrowed from the taxpayer. I may be old-fashioned, but I still believe that Governments are elected to govern and not to trade.

This Chamber has never approved of a Government entering a prosperous concern

which can very well look after itself and in fact boasts that it is making its 9 per cent. Had I been able I would have made my amendment wider to cover all the shares and make the Government sell them all, but I realize that if I did that the Minister would have been wise enough to point out that that was not within the ambit of the Bill because the Bill is only for the purpose of taking up this second lot of shares. I think my amendment is quite in order and will ensure that we assist the Government in the mess it has got itself into with these shares. It will enable it to take up the shares on condition that it sells them, and that is the principle I wish to establish. This is not a case of assisting a tottering industry to get on its feet. The industry is paying well and should be left alone, and the Government should come out. Without prejudice to what I may say later on in the debate, and on the conditions I referred to, I support the second reading.

The Hon. E. ANTHONY (Central No. 2)—I endorse the remarks of my colleague with regard to the motion to suspend Standing Orders. We heard that the Government was in a rather difficult position with regard to taking up these shares. The Minister told us that, and the Hon. Mr. Cudmore is quite right in saying that we are asked to do these things without a proper explanation. We know that the Government is in an awkward position, and I would say that members in this Chamber have also been placed in a very difficult position. As members of the Liberal organization, we do not support this type of legislation.

The Hon. K. E. J. Bardolph—Why bring politics into it?

The Hon. E. ANTHONY—We cannot keep them out. The history of the company is very interesting. I listened with great interest to what has been said about the formation of a committee that was set up to assist these companies, but having established a committee which helped the company get on its feet and pay off its liabilities, why does the Government want to interfere more? I will support the measure to allow the Government to take up these shares, but I will also support the fore-shadowed amendment so that when the appropriate time comes the Government can sell the shares.

The Hon. E. H. EDMONDS (Northern)—It seems to me that there are only two vital points at issue. I think it is general knowledge that

the Industries Development Committee has performed an important function in the development of the State, and the project mentioned in this Bill is ample evidence of this. The whole question revolves around whether we are going to agree to the Government's increasing its share holding in this company and whether it is to be permitted to have and continue to have that interest for an indefinite period. The Bill provides that the Government may sell the shares, to which Mr. Cudmore will move an amendment, but it is reported that the Treasurer stated in the House of Assembly that it has no intention of disposing of its interest in the company, which it will keep for an indefinite period. This seems to be the matter we are not at all happy about.

I will not say that the Minister has been discourteous in not giving us fuller information, but the information he gave was incomplete. In an effort to get information on the points about which I have some doubt, I will submit one or two questions that I hope he will clear up. Firstly, I have been given to understand that if this measure is not passed the Government will not have the opportunity to exercise its rights to certain shares in the company by reason of its being a shareholder at present.

The Hon. C. D. ROWE—That is correct.

The Hon. E. H. EDMONDS—The second point on which I desire information concerns the total value of the shares now held in the company and what proportion they form of the total assets. Other points will be more effectively put when the amendment is considered in Committee, so I will leave it at that for the time being. However, because this company is a substantial and well established one, which is evidenced by the value of its shares on the open market and the satisfactory dividends it has been paying, it seems that there would be no hardship to it if the Government withdrew its interest. The advantage of that course would be that it would have a considerable sum of money which could be better allocated on other projects that perhaps require assistance to become established under the provisions of the Industries Development Act. I trust that further information will be given on the points I and others have raised, but I shall support the second reading and reserve other matters for a later stage.

The Hon. Sir ARTHUR RYMILL (Central No. 2)—I support this Bill because it is obviously only commonsense to do so. It is the only course to take because, if Parliament does not give authority to the State to take up these shares, then of course it will lose its

right to achieve financial benefits from the company that it has so properly supported in the past. However, when one comes to the details and the implications of the Bill, the solution is not so easy. As has been stated by several members, the history of this undertaking is that the Government saved this industry when it was in difficulty, and I think we should congratulate it on its foresight in supporting this very valuable industry. It could easily have said "This industry is in financial trouble and we do not know whether it should go on or not," but it showed its faith in the future of this State and of this valuable industry, and saved the day.

However, when one comes to consider the implications now arising, it is a different matter, because it is one thing for a Government to support for the State an industry that is in trouble but should be retained, and it is another thing for the Government to continue to hold, and even augment in a sense, its share in such an industry when not only is it self-supporting but, as the Attorney-General proudly announced, its shares are standing on the market at twice their par value.

The question that arises is whether at that stage the Government should not relinquish its assistance and reserve its financial strength to support other industries that might get into the same sort of trouble, when that occasion arises. In principle, I feel that the Government should not continue to hold shares in this company. It should, when the opportunity arises, cash in on its interest at this very handsome premium and reserve its resources for other ventures of importance to the State. There is, of course, a qualification to that—that is, that the Government owns its own extensive forests in the South-East. A few weeks ago I saw some of them and they made me proud, not only of the State, but also of the present Government and its predecessors, for we have in the pine forests of the South-East a valuable asset and it is apparent, even to the casual observer such as me, that some outlet must be obtained for the timber which is now growing and needs thinning.

That raises the point mentioned earlier by Mr. Bardolph and about which members seem a little ignorant. What is the position regarding another industry that is to be established in the South-East, apparently with Government assistance? Members have been told nothing about this project, and I for one would appreciate the Minister giving some information on it before we go into Committee, because that aspect seems to have a bearing on this Bill.

Apparently two entities are to subscribe £500,000 each, and there is some talk of the Government subscribing or underwriting another £500,000. To me underwriting is not the same as subscribing: it means standing behind someone else who subscribes. What is the intention of the Government in this matter? No doubt further secondary industries must be established in the South-East to support both Government and private forests, and when we are considering a Bill such as this we should have the fullest information on the Government's intentions.

I support the Bill as a matter of ordinary good business. The recent history of new issues of shares has been in most cases that rights sold on the rights market fetch possibly less than if the subscriber were able to take up the shares and hold them until the market recovered from the impact of a number of rights coming on to the market. In other words, if a shareholder wants to quit his shares he should sell them not in large parcels, but a few at a time. The Government should take up these additional shares as a matter of ordinary good business, but it should relinquish its holding in due course. Indeed, the Government should relinquish not only the shares mentioned in the Bill, but also its previous holding because this industry no longer needs Government support.

If the principle I have enunciated is accepted, the question resolves itself into a matter of business. Clause 3 certainly contemplates the possibility of sale, but the matter is left open. The Bill does not say that the Treasurer must sell: it merely says he may sell if he deems fit.

The Hon. C. R. Cudmore—In another place it was made clear he did not intend to sell.

The Hon. Sir ARTHUR RYMILL—I have no information on that, but the clause says the Treasurer may sell whenever he deems it appropriate. That is delightfully vague and there is nothing to oblige him to sell at any time. A previous speaker has foreshadowed an amendment that envisages sale as soon as possible without loss. I support the principle embodied in that amendment, but it goes a little too far the other way, because it means that the Treasurer would be empowered to sell the shares immediately so long as he got at least as much as the Government paid for them. Under the present circumstances the amendment would enable him to sell the shares at once. As a matter of principle the shares should be sold in due course, but it might be bad business to sell them all at once because that

would result in a depreciation of their value. I should like to see an amendment that has an effect about mid-way between that of the Bill and that of the proposed amendment, that is, that the shares be sold but that it be discretionary, so that they may be sold at a time or times to obtain their fullest value. In Committee I will take the opportunity of further considering the question of the sale of these shares.

The Hon. J. L. S. BICE (Southern)—I, too, support the Bill. I was interested to hear the history of the action taken by the first Industries Development Committee and also to hear Mr. Bardolph tell of the inquiry into this important undertaking. Previous speakers in the debate have appreciated the importance of this serious question, but no word has been spoken of the difficulty that was apparent at one stage when the control of our forests almost passed from the grasp of the Government. I, for one, would not be a party to let that happen. The new industry that is to be established near the important town of Millicent will be valuable to our forestry industry, and that in itself is a factor that causes me to support the Bill.

I support the remarks of Mr. Cudmore and other speakers when I say that members should be supplied with copies of reports made by the Industries Development Committee the same as those of the Public Works Standing Committee and other bodies. I take my share of the responsibility in that regard and believe that, before the subject matter of this Bill comes before this Chamber again, some steps should be taken to have the matter rectified. Much has been said about Government assistance to industry in these days of prosperity, but I point out that the Government—properly in my opinion—came to the assistance of the pyrites project at Nairne, and that undertaking is destined to play an important part in the primary industry of this State.

The Hon. C. D. ROWE (Attorney-General)—I am indebted to members for the discussion that has taken place on this measure, and at the outset say that by the time I have completed my remarks I feel that I shall have been able to satisfy the critics that the Government's attitude has been entirely justified. I realize that members are entitled to the fullest information which can be given and it is my purpose to give as complete an answer as I can on the various points that have been raised. Firstly, with regard to the point taken by Mr. Cudmore in respect of the suspension of

Standing Orders, I would intimate that there was an urgency in connection with this matter which I think has now become apparent, namely, that if the Government is to take up the shares they must be paid for before the end of this month, and the Government must have authority to do it before that time expires. The position was that when the company decided on the issue of these additional shares the Government was entitled to a further 23,000 odd. Parliament was not sitting, so the Government could not take the matter to Parliament. It was faced with two alternatives. Either it had to let its rights go by the board, which meant, in effect, allowing a loss of £23,000, or to take up those rights, but it had no power, without the authority of Parliament either to buy or sell its rights.

The Hon. F. J. Condon—There is no serious opposition, so why worry about it?

The Hon. C. D. ROWE—Mr. Cudmore is entitled to an answer to the points he raised. I think it must be obvious to everyone that the logical thing to do was to acquire this asset.

The Hon. C. R. Cudmore—Why could it not sell its rights?

The Hon. C. D. ROWE—It had no power to sell its rights, nor did it have power to buy other rights, and the answer to the question on Standing Orders is that the matter has to be determined before June 30. The other point raised by Mr. Cudmore was one of principle, namely, whether it is part of the function of Government to continue in a commercial enterprise or to extend its interests in it when it is shown that the enterprise is standing on its own feet and making satisfactory progress. As a Government we do not think it is our business to be buying and selling shares and continuing in an enterprise when it can stand on its own feet, but in this instance the Government is not satisfied that, even although the business may be a profitable concern at the moment, the time has arrived when it should divest itself of all interest in it. It may still have difficulties to surmount in connection with the development which will undoubtedly take place in future, and it feels that when this industry is considered in relation to its importance to our forests in the South-East—assets which are valued at between £12,000,000 and £15,000,000—it must take this course.

The Hon. Sir Arthur Rymill—Does it matter whether the Government or someone else subscribes for these shares?

The Hon. C. D. ROWE—There is no guarantee that other people would take up these shares.

The Hon. Sir Arthur Rymill—I am saying they would.

The Hon. C. D. ROWE—The position with regard to credit at the moment is particularly restricted and I could bring under the notice of the honourable member people who have adequate security but who cannot obtain further advances from private sources, so it is not by any means clear that other people would take up the shares. Furthermore, the other interests involved in this company were most anxious that the Government should exercise its rights. I do not propose to go over the whole history of this enterprise, because that has been well covered this afternoon, and I think everyone agrees that what the Government did some years ago in taking this concern out of the hands of the receiver and setting it on its own feet and getting it to its present stage is certainly a matter that calls for congratulations.

The Hon. C. R. Cudmore—Hear! Hear!

The Hon. C. D. ROWE—However, the position was that our forests were developing very quickly and until this enterprise did get on its feet the best offer we could get for the thinnings was that someone would take them away from the forests for practically nothing. At present the sale of thinnings from the forests in the fifteenth and sixteenth years of growth provides a substantial part of the income of our Forestry Department, and it is the cellulose industry which takes the great bulk of those thinnings and pays a very satisfactory price for them. Consequently we have reached the position where the complete cost of developing our forests up to the fifteenth and sixteenth year is met by the amount we get from the sale of thinnings. Some of the thinnings, of course, go into the manufacture of boxes, but wooden boxes are meeting very serious competition from cellulose products.

The Hon. C. R. Cudmore—Is the Minister trying to say that if the Government does not put up this £23,000 that will all go?

The Hon. C. D. ROWE—No. I think if I am allowed to develop the argument on my own lines I will be able to make the position clear. It is necessary that cellulose production should be kept up in order to ensure the proper and orderly development of our forests. Some years ago we were in the position, when the whole thing was entirely under the control of private enterprise, that we had no means by which

we could dispose of the thinnings. It is conceivable that if the Government relinquished its interests in the undertaking entirely we might get back to the stage where private enterprise would again tell us there was no value in the thinnings, which would upset the whole economic position of our South-Eastern forests.

The Government feels that it has demonstrated that its partnership in this concern has been for the benefit of all sections of the industry and that it must retain its interest, not because it wants to engage in commercial enterprises but because this undertaking is ancillary to its forestry undertakings.

Therefore, as I understand the position, if we part entirely with our interests there is no guarantee that we would get a satisfactory price for our thinnings. The other point I want to make is this: it has been stated that the Government finds itself in a spot on this matter. I do not think anything of the sort is the case. The sum we are dealing with is £23,000, which, in relation to the total Budget of the State, is a relatively insignificant amount, and I think that the option which the Government had either to lose that amount or take up the shares left it with no alternative. I feel that in the interests of the protection of Government assets and the future development of this industry we have not reached the stage where the Government should retire completely from the field and leave it to private enterprise. I think that if we examine the industry as a whole we shall find that the stage has not yet been reached where it can stand on its own feet entirely. If it had the Government would not be taking the attitude it has. I do not think that any question of principle, as suggested by two speakers, is involved. It is a question of the correct interpretation of the facts in this matter, and on the evidence I have been able to submit I think the correct interpretation is that we should remain in the industry for the time being for the purpose of protecting the assets we have created and to help the industry to develop further.

The Hon. A. J. Melrose—Wouldn't it be possible to enter into a long-term contract for the sale of the thinnings from our forests?

The Hon. C. D. ROWE—Even if that were possible I think the Government should still remain a party to the venture. I think I have answered the main points raised, and I ask the Council to support the Bill.

Bill read a second time.

In Committee.

Clauses 1 and 2 passed.

Clause 3—"Disposal of shares."

The Hon. C. R. CUDMORE—I move:—

After "Treasurer" to delete "may, whenever he deems it appropriate" and insert "shall, as soon as he can do so without loss."

When he was replying on the second reading the Attorney-General referred to the thinnings from the forests and the importance of our forests, but I do not dispute any of those remarks. However, Parliament never intended that the Government should go on assisting a prosperous concern paying good dividends. The Government has boasted that the shares are now worth 40s., so it should let someone else come in and have them. It will make no difference to the company whether the Government takes up further shares or not. I think the proper thing is to assist the Government by authorizing it to take up the shares to which it is entitled, but stipulate that it must then sell its shares. The Government should not invest money in what is not really a Government concern. If it had asked for authority to put £500,000 into a new concern along with the two other firms mentioned we would know what we were talking about, but we do not. The clause represents an insidious way of putting more money into the concern on the excuse that the Government has to take up the new shares or lose them.

The Hon. C. D. ROWE (Attorney-General)—The honourable member suggests that the £23,000 required has something tagged on to it that will involve the Government in further money by way of guarantee. As far as I know, such is not the case. We have no information about the speculations of any other people. I also point out that the Government has not gone on the market for the purpose of buying and selling shares. We only want to take up the new shares to which we are entitled by virtue of our existing holdings. If we do not do so we shall lose £23,000. The honourable member said that the industry is in such a position that the Government can now get out of it, but I believe Government assistance is still needed to protect other Government assets in the South-East.

The Hon. S. C. BEVAN—I support the Bill as it stands. Mr. Cudmore supported the second reading because he thought we should give the Government authority to take up the new shares, and then he said it should immediately dispose of them. To be consistent he should have wholeheartedly opposed the

Bill. He is opposed to taxpayers' money being used for acquiring the new shares, but he is not opposed to taxpayers' money being used to assist private enterprise to get on its feet. To be consistent he must oppose taxpayers' money being used for this purpose. Again, to be consistent, the honourable member must support the unloading of all Government interests in all its undertakings, including Government forests. Sir Arthur Rymill said he had inspected some Government forests recently and commended the Government on these undertakings, but now he condemns it for wanting to acquire these new shares. I oppose the amendment.

The Hon. L. H. DENSLEY—I do not believe in the Government's acquiring shares such as these, but there is an anomaly in the amendment, which says that the Government must sell all its shares as soon as it can do so without loss. They are now worth about 42s., but one wonders what the Government would be offered for them. We do not want to place the Government in the position that it might have to sell 23,000 shares for half their value, but I would like to see the Government dispose of its holdings. The State has done a remarkably good job in assisting industry to become established and at all times I am willing to support that where it is in the interests of the State, but I am opposed to the Government's selling shares at half their value, if that is the interpretation of the amendment.

The Hon. F. J. CONDON—The Labor Party opposes the amendment and probably, as in the past, its vote will assist the Government to carry the day, so why prolong this agony?

The Committee divided on the amendment—

Ayes (5).—The Hons. E. Anthoney, C. R. Cudmore (teller), L. H. Densley, E. H. Edmonds, and A. J. Melrose.

Noes (11).—The Hon. K. E. J. Bardolph, S. C. Bevan, J. L. S. Bice, F. J. Condon, J. L. Cowan, N. L. Jude (teller), C. D. Rowe, Sir Arthur Rymill, A. J. Shard, C. R. Story, and R. R. Wilson.

Majority of 6 for the Noes.

Amendment thus negatived; clause passed.

Title passed.

On the motion for the third reading—

The Hon. C. R. CUDMORE (Central No. 2)

—I feel compelled, after the discussion we have had and the views that I and others have expressed, to oppose the third reading. I know that it will not have much effect but either we stick to a principle or wave it in the wind. I do not intend to do the latter, so I oppose the third reading.

Bill read a third time and passed.

# APPROPRIATION BILL (No. 1).

Received from the House of Assembly and read a first time.

The Hon. C. D. ROWE (Attorney-General)—  
I move—

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

The Bill provides for the further appropriation of £436,000 from the State's revenues to meet urgent and necessary expenditures. Clause 1 gives the short title. Clause 2 authorises the further issue of £436,000 for the year ending June 30, 1957. Clause 3 appropriates £436,000 for the following purposes.

Chief Secretary and Minister of Health, Miscellaneous—£10,000.—This amount is for a further grant to the Institute of Medical and Veterinary Science to meet expenses for the year. The Budget provided for a grant of £120,000, which has been insufficient for the Institute's needs for the year.

Treasurer (Miscellaneous), £40,000.—The Commonwealth Grants Commission has in recent years adopted the practice of recommending the special grants in two parts, viz., one part which is an estimate of the State's probable requirements in the year in which the grant is to be paid and which is to be subject to subsequent addition or subtraction as the estimate is proved subsequently to have been short or in excess of the Commission's measure of actual requirements; and one part which is an addition or subtraction to a grant made for a prior year or years. For 1956-57 the Commission recommended a total grant of £5,800,000, of which £5,760,000 was the estimate of current 1956-57 needs and £40,000 on account of past deficits. It is accordingly proposed, as was done in a similar situation in 1950-51, to appropriate this £40,000 against deficits of prior years.

Minister of Works—Engineering and Water Supply Department, £196,000. This amount is required to meet the following—

The Adelaide water district, £138,000.—The sum of £78,000 is required for pumping on the Mannum-Adelaide pipeline. It is anticipated that the total cost of power up to June 25, 1957, will be £162,000, of which only £84,000 was provided in the Estimates. The sum of £12,000 is provided for maintenance of cast iron mains. Three contractors' gangs for cement lining mains *in situ* operated in the Adelaide water district for the first time this financial year. The increased expenditure is due to the necessity of providing alternative feeds by means of bye passes. An amount of £36,000 is set aside for the maintenance of services and cleaning mains. The record



summer consumption of water was very much higher than in any previous year. This resulted in lowered pressures in many areas necessitating extensive replacements of defective services and the cleaning of cast iron mains. A sum of £6,000 is required for maintenance of steel mains. Three serious bursts occurred during the year on the Millbrook trunk main necessitating the laying of 5 chains of new pipes across the River Torrens and in the Gorge Road near Athelstone. A further £6,000 is provided for operation of metropolitan pumping stations. The extended period of dry weather has necessitated a continuation of pumping operations in excess of the period originally anticipated.

Adelaide Sewers, £43,000.—A sum of £119,000 was included in the Budget for materials and services, etc., for Adelaide sewers, but this was insufficient to meet extraordinary pumping and maintenance which were necessary owing to the very wet period after July, 1956.

Morgan-Whyalla water main, £15,000.—This amount is required to meet the cost of additional pumping made necessary by the recent long dry period.

Minister of Education, Miscellaneous, £60,000.—This amount is an additional payment to the University of Adelaide towards payment of expenses incurred in running the University. The Appropriation Act of 1956 provided for a grant of £660,000. The total grant for the year will now amount to £720,000.

Minister of Agriculture—Agriculture Department, £105,000.—This amount is required to meet wages of men engaged on stripping fruit and vegetables in the eastern suburbs recently affected by an outbreak of fruit fly.

Minister of Agriculture, Miscellaneous, £25,000.—This sum is provided for part payment of compensation to commercial growers who suffered loss by the last outbreak of fruit fly in the eastern suburbs. Clause 4 authorises the Minister of Agriculture to pay compensation, on the advice of the Fruit Fly Compensation Committee, to the commercial growers referred to. Legislation for payment of full compensation to all who suffered loss will be introduced in Parliament shortly.

Clause 5 provides for the Treasurer to pay moneys not exceeding the £436,000 provided for by this Bill on the issue of warrants by the Governor, and the receipts of the persons receiving payment shall be the Treasurer's discharge. Clause 6 provides for payment from other funds of the revenue of the State and amounts paid by the Commonwealth of Australia are insuffi-

cient to meet the appropriations provided for in clause 3.

The Hon. F. J. CONDON (Leader of the Opposition)—I do not desire to delay the passing of this measure, but refer to the line dealing with the Mannum-Adelaide water main. The original estimate for the work was about £4,000,000, but it has risen to about £9,500,000. The Government should give more attention to the corrosion of water pipes in the metropolitan area because at times the service is so bad that people can hardly get any water. I notice that the Government proposes to have an Education Week. I do not know what is intended, but I hope the Government will keep in mind what the private schools have done for education in South Australia. We owe much to them and I trust that on this occasion a tribute will be paid to those who have done so much in this direction. I support the second reading.

The Hon. E. ANTHONY (Central No. 2)—I call attention to the additional sum of £10,000 provided for the Institute of Medical and Veterinary Science. I appreciate the work it has done and is still doing, but point out that it is coming into competition with medical men, two of whom I know. One particularly is meeting with serious competition in his work. He has a clinical laboratory in the city and is almost being driven out of business by the institute's activities. This should not be done by a Government institution. I have already taken the matter up with the Premier. This man has a wonderfully equipped laboratory and has done particularly good work, but cannot make a reasonable living owing to the drastic competition from the institute.

As to the payment of compensation to those who have suffered as a result of the fruit fly infestation, I remind members that the efforts to eradicate the pest, valuable as they might be, have cost the State to the end of last financial year more than £1,000,000 and of that amount £262,000 was paid to commercial growers. All I ask is that the efforts of eradication should be carried out without undue waste. I have always been somewhat opposed to the fruit fly campaign, and whilst I would do nothing to damage the fruit growing industry I have wondered whether we were spending far too much in trying to stamp out the pest. I admit that the Government has done a good job in combating this menace which, if let go unheeded, could result in immense losses to the industry. All I am asking is for an assurance that the work is being carried out efficiently and that the money is not being wasted.

The Hon. C. R. STORY (Midland)—I also wish to discuss fruit fly compensation, and to point out that any money spent in the eradication or attempted eradication of this pest is extremely well spent, because if the scourge of fruit fly gets into this State as it has in other parts of the world it will cost our whole income to eradicate it. We cannot let an industry go down the drain because of £1,000,000, and I wholeheartedly support the operations of the department. I agree that every attempt should be made to see that the money is well spent, but I think it is, and I compliment those concerned.

The Hon. K. E. J. BARDOLPH (Central No. 1)—The Attorney-General, under the heading of Treasurer (Miscellaneous) said:—

The Commonwealth Grants Commission has in recent years adopted the practice of recommending the special grants in two parts, viz., one part which is an estimate of the State's probable requirements in the year in which the grant is to be paid and which is to be subject to subsequent addition or subtraction as the estimate is proved subsequently to have been short or in excess of the Commission's measure of actual requirements; and one part which is an addition or subtraction to a grant made for a prior year or years.

I have often raised this matter on the Estimates and on the Budget because I am opposed to an outside authority not responsible to the people determining what policy shall be pursued, whether by a Liberal or a Labor Government, in financial matters within its own particular area. I will not say this has been going on ever since the establishment of the Grants Commission, because that body was originally set up to assist the smaller States which were not in such a good financial position as the larger ones, but it appears to me, although I am not attempting to impugn the integrity of the members of the Commission, that they are attempting to set themselves up as a super Government in respect of financial matters.

Recently this august body came to South Australia, and after submissions were made by the Treasurer for an increase in the grant to this State, they laid down certain terms and conditions, one of which was that we would have to increase charges for certain public services—I think tram and railway fares.

These people are not responsible to Parliament or the electors for that increase, yet the Government was forced to carry out the recommendation in order to get a grant. The time has come for concerted action to be taken, and this Government could take the first step by approaching the Commonwealth Government and asking it to curb the power this body has in laying down a financial dictum for all States, some of which have a policy foreign to their own forced upon them because they are mendicant States.

The Hon. C. R. Cudmore—You heard my answer to that in my question about getting the States together.

The Hon. K. E. J. BARDOLPH—Your question related to a constitutional matter, and the Grants Commission was set up by Federal Parliament, which can state how it wants it to operate. The Leader of the Opposition raised the subject of private schools. Approaches have been made to members from time to time seeking aid towards financing private school buildings. I am concerned with the education of the young children for whom these schools cater. It is recognized by this Government that it is not possible to cater for the extra influx of children into State schools. Private schools inculcate into the minds of the students not only matters concerning the economic life of the community but also a spiritual training, and they are finding it difficult to borrow sufficient funds to extend and erect new school buildings. It is just as necessary to have a continuance of these schools as of State schools, and the Government should make every effort to provide funds on a pound for pound basis to build private schools where children of different religions can be educated according to the wishes of their parents. I make this suggestion in the hope that some good will come of it and that there will be free and unfettered education in South Australia in the same way as there is free and unfettered trade between the States under the Constitution.

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

#### ADJOURNMENT.

At 5.28 p.m. the Council adjourned until Tuesday, August 13, at 2.15 p.m.