LEGISLATIVE COUNCIL.

Tuesday, October 7, 1958.

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

PUBLIC PURPOSES LOAN ACT.

His Excellency the Lieutenant-Governor, by message, intimated his assent to the Act.

PUBLIC WORKS COMMITTEE REPORTS.

The PRESIDENT laid on the table reports by the Parliamentary Standing Committee on Public Works on Elizabeth water supply and Whyalla technical high school (new wing), together with minutes of evidence.

WEIGHTS AND MEASURES ACT AMENDMENT BILL.

Read a third time and passed.

INTERSTATE DESTITUTE PERSONS RELIEF ACT AMENDMENT BILL.

Read a third time and passed.

FRUIT FLY COMPENSATION BILL.

Read a third time and passed.

FIRE BRIGADES ACT AMENDMENT BILL.

Read a third time and passed.

NURSES REGISTRATION ACT AMENDMENT BILL.

Adjourned debate on second reading.

(Continued from October 1. Page 991.)

The Hon. L. H. DENSLEY (Southern)—I am pleased to have the opportunity of paying a tribute on behalf of the general public to the work being done by nurses. Nursing is a profession of which any girl may well be proud to be a member. This Bill provides for the payment of members of the Nurses Registration Board other than full-time employees of the Government. That is reasonable. Fees for registration are paid into the general revenue, the present initial registration fee for a nurse being £1 1s., with 5s. per annum thereafter. It is reasonable that board members should be paid from Government funds.

The other matter dealt with in the Bill is the provision for registration of nurses from other States who come here to finish their training. It occurs to one that, with four or five States in the Commonwealth already accepting nurses for registration younger than we do here, it would be in the general interests of the State and of an adequate supply of nurses if we were able to accept the standards of other States regarding the age at which nurses could be registered in this State. It seems to me that a girl leaving school finds her way into some other employment for a period before she is eligible to take up nursing. Consequently, it is not unusual to find girls, after they have entered into some other profession after graduating from high school, not desiring to enter the nursing profession. One may say that 16 or 16½ would be too young but, if it is the policy in most States to accept registration at an earlier age, that point could be looked into in this State. The period of training, especially when girls enter into C class training at hospitals, is very long. Consequently, a girl often gets married by the time she is able to register as a nurse. I happily support the proposal to give provisional registration to interstate girls so that they may finish their training here.

Bill read a second time and taken through Committee without amendment. Committee's report adopted.

METROPOLITAN AND EXPORT ABATTOIRS ACT AMENDMENT BILL.

Adjourned debate on second reading.

(Continued from October 1. Page 993.)

The Hon. K. E. J. BARDOLPH (Central No. 1)—This is an enabling Bill to permit a licensee engaged in the export of meat overseas to sell as much as 10 per cent of his total export as reject meat on the local market. Some years ago Parliament appointed an abattoirs Royal Commission to place the Metropolitan and Export Abattoirs on a better commercial basis. I was a member of that Commission, of which the late Sir Wallace Sandford was chairman. During our visit to other States we inspected most of the major abattoirs and the committee's unanimous opinion was that the layout and general conduct of our abattoirs was very much better than that of those operating in the other States. For the first time in the industrial movement in Australia legislation was enacted by the South Australian Parliament providing for the Meat Industry Employees' Union to be represented on the board. Many stoppages occurred prior to that amendment of the Act, but now harmonious relationships operate. Complaints from employees are taken direct to the board through their representative. The same principle could well be applied to other industries.

The Hon. C. R. Story—Are we assured of that?

The Hon. K. E. J. BARDOLPH—I do not know whether my friend wants a greater assurance, but a study of the position prior to the amendment of that Act will reveal that there has been greater industrial peace since the amendment was passed.

The Hon. Sir Frank Perry—You would not find much difference.

The Hon K. E. J. BARDOLPH—I think the honourable member is quite wrong. We must be fair on these issues because during the war the men worked around the clock and those engaged in primary production will readily agree that, but for the co-operation of employees then, men in the fighting forces and the civilian population could not have been fed. Although there was a great shortage of manpower, the abattoirs employees achieved the target set, and we should give them some credit for the work they did. Under the existing law no meat may be sold for human consumption in the metropolitan area unless it is treated at the metropolitan abattoirs.

The Hon. W. W. Robinson—Where would the meat be inspected?

The Hon. K. E. J. BARDOLPH—At the abattoir, which I consider is the only suitable place for its inspection. During the interstate visit of the Royal Commission members found that overseas buyers were very particular as to the quality of the meat they accepted. The Bill will not cut across the activities of the metropolitan abattoirs. Perhaps the Government should set up abattoirs at Wallaroo and other parts of the State.

The Hon. C. D. Rowe—Do you advocate that?

The Hon. K. E. J. BARDOLPH—Yes. Wallaroo is one of the best deep sea ports in Australia and not like the "shifting" port in the South-East referred to by the Premier from time to time. I support the legislation because I do not think it will have any ill effects upon the existing abattoirs.

Bill read a second time and taken through Committee without amendment. Committee's report adopted.

OIL REFINERY (HUNDRED OF NOARLUNGA) INDENTURE BILL.

Adjourned debate on second reading.

(Continued from September 30. Page 942.)

The Hon. S. C. BEVAN (Central No. 1)—This legislation, which will have very far-reaching effects in this State, resulted from lengthy discussions between the Government and the Standard-Vacuum Refining Company. It is in accordance with the Opposition's policy of decentralization, and therefore this is one of the rare occasions on which I wholeheartedly support the Government. The Bill is a hybrid one, and as such a Select Committee was appointed to inquire into the ramifications of the establishment of an oil refinery in this State. The Select Committee called evidence from people and companies directly or indirectly associated with the project, and after considering that evidence it tendered its report, which has now been printed and circulated to members. We are, therefore, in no doubt as to the opinions of the Select Committee. The Bill including the schedule contains 24 clauses. It is not my intention to discuss all those clauses, but after examining the Bill I desire to comment upon some of them.

The first part of the Bill paves the way for the operation of the Indenture contained in the schedule, and gives the company sole rights over the section of the foreshore adjacent to the refinery and to any wharf, jetty or the like which may be constructed in connection with the refinery. Although the cost of these things will be borne by the company and not by the Government, some measure of control should still remain with the Harbors Board. Clause 3 is, I consider, one of the most important clauses as it approves and ratifies the indenture. Clause 4 of the Bill and clause 5 (*e*) of the Indenture deal with the supply of steam by the Electricity Trust. Under the latter clause the Electricity Trust undertakes to supply steam to the company at a rate not exceeding 150,000 lb. an hour at a pressure of 150 lb. per square inch on fair and reasonable terms. I take it that with the supply of steam and power the fair and reasonable terms will be arrived at by the Electricity Trust itself. I have always been under the impression that it was the duty of the trust to supply electricity for power and lighting to persons and firms, but that it was certainly not its function to supply steam and the equipment for raising steam.

Surely the oil company could have undertaken to supply its own steam requirements at its own cost. That would involve the installation of the boilers and the coupling up of the incidentals for steam-raising. If only the supply of electrical power were involved, I could appreciate that it would be

within the trust's jurisdiction to erect additional transformers or power lines to the site, because this would supply not only the refinery but the surrounding districts as well. I am at a loss to understand why the Government has considered it necessary to commit the Electricity Trust in this way.

The Hon. C. R. Story—The Bill merely provides for it.

The Hon. S. C. BEVAN—I appreciate that, but if the company desires to utilize steam it can call upon the Electricity Trust to supply its requirements.

The Hon. L. H. Densley—Perhaps it will be good business for the Electricity Trust.

The Hon. S. C. BEVAN—It may be. Undoubtedly the trust, which is a Governmental undertaking, would expect to make some profit out of it. The function of the Electricity Trust is to supply power to homes and businesses, and I cannot see why it should be called upon to supply steam to undertakings such as this. I cannot appreciate at the moment the reference to the provision for supplying steam. If the company does not want steam it does not matter, but if it does, the Electricity Trust, in accordance with the Indenture, must supply it.

The Hon. C. D. Rowe—Which clause is that?

The Hon. S. C. BEVAN—Clause 5 (*e*) of the Indenture. I am a little perturbed at the phraseology of the Bill. Perhaps the Chief Secretary in his reply will elaborate on it. As I interpret the Bill, it will be binding upon any future State Government as long as the refinery is in operation. If this is so, I suggest that the Government of the day cannot by Act of Parliament bind some future Government. If it can, I see many complications arising. There is not much in this indenture about amending it for the future. If I am wrong in my contention, perhaps the Chief Secretary will correct me. My concern arises from clauses 5 and 8 (1) of the Bill. Clause 5 provides:—

(1) The rates payable to the council of the local government area in which the refinery site is situated in respect of the refinery site and the refinery shall be—

(*a*) for the year ending 30th June, 1959—the sum of £5,000;

(*b*) for the year ending 30th June, 1960—the sum of £5,000; and

(*c*) for each subsequent year—the sum of £10,000.

That is definite. As written into the agreement in the indenture, it is in perpetuity. There should be some elasticity in the clause.

The Hon. J. L. S. Bice—What rates did the council collect previously?

The Hon. S. C. BEVAN—Last year it was £100, and yet we see in the Bill that the refinery has agreed after the second year to pay to the local council £10,000. It is a big jump.

The Hon. Sir Arthur Rymill—What is the purpose of limiting the amount,

The Hon. S. C. BEVAN—I think it may have an opposite effect, but this clause will be in perpetuity. My complaint is against any legislation in perpetuity. For instance, it may be that 20 years hence, through depreciation in the value of money, the actual return to the local government should be £15,000 a year. Under this legislation, the local government has no redress; it has to accept the £10,000 a year whether or not it likes it.

Looking at it from another angle, if the circumstances prevailing in the 1930's were to recur, the first thing to be hit would be real estate, whose valuation would tumble quickly and considerably. Therefore, the rating of £10,000 may well drop to £1,000. There is no elasticity here enabling the parties to review the position from time to time as and when necessity arises; it is purely and simply in perpetuity. That is bad legislation. Local government authorities were consulted and they expressed the opinion that this was equitable and just as far as they were concerned; they had no objection.

The Hon. C. R. Story—Surely you believe in agreements?

The Hon. S. C. BEVAN—Yes, but every member has the right to criticize if he wants to, as the honourable member has done repeatedly in this Chamber, irrespective of agreements. I said I wholeheartedly supported the Government in this agreement but I am at liberty to express my opinion about the Bill. I am sure that honourable members, on reflection, will agree that this clause is in perpetuity.

Another point that concerns me arises from clause 8 (1), which says:—

Notwithstanding any other Act or law the State may, under the name of "The State of South Australia"—

(*a*) sue and be sued and be a party to legal proceedings in connection with any matter arising out of this Act or the Indenture.

Again, that appears to be in perpetuity. I appreciate the purpose of any legal proceedings which may flow in the future because of this Act or Indenture. "The State" leaves

no doubt that the State may be sued or may itself sue: the authority would be the Government of South Australia. Paragraph (*b*) provides for the parties concerned to arbitrate. If arbitration fails, the next step is recourse to the law. I may be wrong in my interpretation of this. If so, I know that the Chief Secretary will tell me where my contention is wrong.

I now turn to the Indenture itself, which is all-important. The most important clause is clause 13. All the meat of the setting up and operation of the refinery is contained in the Indenture itself. The actual capacity of the oil barrels I could not say for the moment, but I believe it is about 500 gallons. Clause 19 provides for the construction and maintenance of a branch line connecting the refinery with the existing railway system. After exhaustive inquiries the Railways Commissioner recommended a certain route and I understand the company favours his proposal. The whole question has been referred to the Public Works Committee for further inquiry and report. The cost of constructing a line on route 1, a distance of 3 miles and 9 chains, is £333,000, and for route 2, two miles and 58 chains, £188,000. The distance by rail to Mile End on route 1 would be 14.8 miles and on route 2, 19.5 miles. The Indenture is between the South Australian Government and the Standard-Vacuum Oil Company, which is registered in Victoria.

It is nothing new for the Government to give preference to locally manufactured products and the preference mentioned in the Bill does not relate to a cash payment, although the Government has financially assisted the establishment of industries in this State. I understand that other oil companies, in evidence before the Select Committee, strongly objected to the granting of preference to the distributing company, contending that any preference should be to the refinery, but in this instance the manufacturing and the distributing units are one and the same company. Therefore, they claimed they would not share in the preference. I understand that the other companies went so far as to threaten to withdraw their business from the railways. This, in my opinion, is a form of blackmail. The preference to be given will amount to 25 per cent of the South Australian market.

The Hon. Sir Collier Cudmore—Where did you get that figure?

The Hon. S. C. BEVAN—From the evidence tendered to the Select Committee. Most discussion will centre around clause 13 of the Indenture, which is as follows:—

The State in purchasing stores for use by the Government and governmental authorities shall in accordance with the policy of the Government to give preference to goods manufactured within the State give preference to products of the refinery offered for sale by the Vacuum Oil Company Pty. Ltd.

Let us consider some of the objections placed before the Select Committee. Although the various oil companies were informed that if they desired they could place other evidence before the Select Committee in writing, only Ampol Petroleum Ltd. did so. The evidence indicated that all that concerned the other companies was that they wanted to be in a position to participate in any preference given by the Government without being involved in expenditure on installations, and without passing on to the consuming public any benefit as a result of any concession granted. They considered that preference should be given not to any distributing company, but only to the refinery itself, and they mentioned what had transpired in other States in the setting up of refineries. One analogy was between Kwinana in Western Australia and the proposed refinery in South Australia. Apparently all the concessions were given to the refinery at Kwinana and they suggested that the South Australian Government should offer the same concessions as were granted by the Western Australian Government. I predict there would be much hostility if our Bill were on the same terms. Concessions in Western Australia related to land, wharfage charges, excise duties, etc., and they were one-hundred-fold more than the South Australian Government was prepared to provide toward the establishment of a refinery here. I quote the following evidence given before the Select Committee by oil companies other than the Vacuum Oil Company:—

By the Chairman—Let me put it this way: for eight years we hawked propositions to oil companies asking them to establish a refinery here. For eight years we did our best to get a company to come along and establish a refinery. The establishment of a refinery involves millions of pounds. Clause 13 of the Indenture says that the Government will buy from the distributing company its products providing those products are as cheap as the products of anyone else. That is the right the Government would have in any case. If the Government Supply and Tender Board calls for cement and there are two tenders of the same price the Government decides from which it will purchase as a matter of ordinary every day practice. Is there anything inequitable about that?

The answer given by the witness, Mr. MacRae, the manager of H. C. Sleigh Ltd., was as follows:—

With respect, that is not contained in the wording of the Indenture. The word "preference" could have no reference to price so far as we can see or to quality.

The next question was:—

The Government's policy is that in any contract a five per cent preference is given to a company which manufactures in the State. At present Western Australia is hawking propositions abroad in which it says it will give companies 20 per cent preference if they will establish in Western Australia. Some other States are giving 10 per cent preference, but our policy for the last 40 years has been to give a 5 per cent preference. The Chamber of Manufactures has frequently asked for a much higher percentage. In this case no preference is given. It is only given when the sale is on identical terms.

The answer given to that was as follows:—

We were not aware of that fact, of course, because it is not indicated in the clause. The word "preference" could have a much wider meaning than you now indicate.

They had not been aware of it. However, they still went on with their objections. In paragraph 144 on page 41 the chairman asked the following question:—

What you say is that you should share in their investment of over 35,000,000 dollars?

And the answer given was:—

Because of the nature of the oil business, yes.

I think that answer puts the whole thing in a nutshell. All that concerned the other companies was that they should be able to share in the preference given without having to contribute anything towards the establishment of the oil refinery. They based their whole position on the claim that they would draw their supplies from the refinery, would become distributing agents, and should be on an equal footing with the refinery, although they would not contribute one penny towards its establishment or upkeep.

At paragraph 150 on page 42 the chairman asked the following question:—

You think you should share the preference that arises out of an investment of a large sum by Standard-Vacuum?

And the answer was as follows:—

We do for the following reasons: the internationalism of the oil business; the practice of other States.

They cited in their evidence the provisions relating to refineries in other States. Further on in the evidence at paragraph 158 the chairman asked this question:—

If a company manufactures and sells its goods in South Australia it would get a preference from the Government ahead of a company which merely sells in South Australia; that is, all other things being equal.

Mr. McLauchlan, who was giving evidence at the time, answered:—

Would Ampol receive any preference seeing that they would be constructing a £4,000,000 tanker at Whyalla?

The chairman then said:—

The tanker is a separate project not associated with the refinery and Ampol would not receive any preferred consideration.

We see the red herrings that have been brought in. I will deal later with the submissions by Ampol on this question. The minutes are very lengthy, but they give members an opportunity to see what was placed before the Select Committee. The evidence tendered by the oil companies, including the written submissions, is in opposition to clause 13 of the Indenture. The written submissions tell us what the oil refineries in other States do, but it all comes back to this: the other oil companies operating in this State and distributing their products here desire to share in a preference which may be given to another company, without themselves contributing anything to the establishment of the refinery. Their evidence contains veiled threats of what will happen if they do not draw any of their supplies from the new refinery. However, the Indenture does not in fact give any real preference: it merely indicates that when the price and quality are equal the Government will give preference to the purchase of the refinery supplies.

The Hon. Sir Frank Perry—The clause does not say that.

The Hon. S. C. BEVAN—The clause may not, but that is in line with the policy being enunciated by the present State Government. In clause 14 of the Indenture there is a price-fixing medium as a safeguard. That clause states:—

The company will charge for products of the refinery delivered at the refinery prices not higher than the landed cost at Adelaide, including wharfage and import duties, of comparable products available to Vacuum Oil Company Pty. Ltd. from its overseas supply sources in the Persian Gulf, using for this purpose Persian Gulf posted prices and tanker freight rates as established from time to time.

That fixes the maximum price that may be charged. In conclusion, I refer to the submissions made by the Ampol Company before the Select Committee.

The Hon. Sir Collier Cudmore—Are not the submissions made by other companies as well?

The Hon. S. C. BEVAN—The submission was sent by the Ampol Petroleum Ltd. to

the chairman of the Select Committee, and is signed by Mr. W. M. Leonard, general manager. That company objects to clause 13 of the Indenture. The submission commences:—

Clause 13 of the Bill specifically provides for the State to give preference to products of the refinery offered for sale by Vacuum Oil Company Limited. My company objects to this clause for reasons which will be stated. Some 15 or 18 months ago Ampol commenced negotiations with the Premier, Sir Thomas Playford, to commence ship building facilities in South Australia for the construction of tankers. Through the good offices of the Premier, negotiations were ultimately commenced with B.H.P. who, in due course, tendered a price of approximately £4,000,000 for a 32,000 ton tanker, and this was accepted by us subject to certain conditions. Application was made to the Commonwealth Government for a subsidy of one-third of the cost and, through the very valuable assistance of the Premier, this was ultimately granted.

They had no hesitation in taking a subsidy from the Commonwealth Government regarding the tanker. The submission continues:—

Over the intervening period negotiations have continued with B.H.P. and at this date the agreements are practically ready for signature. Never, at any time, during the discussions between representatives of Ampol and the Premier and/or representatives of the Government, has there been, nor is there now, any request for preferential treatment in respect of the purchase of this company's products by the State Government.

That is a rather remarkable statement, I think. The submission continues:—

No request was made along these lines for two reasons. Ampol had trust and confidence in the Premier and the State of South Australia and had faith in the future of the State. Ampol believed the people and the Government of South Australia would recognize Ampol's initiative in a practical manner by purchasing our products without specifically seeking preference by means of an Act. It was never visualized that the Government would give preference in an Act to us or any other oil company in consideration for capital invested, directly or indirectly, in the State of South Australia.

That is a contradiction of their last paragraph. Ampol said that the people and the Government of South Australia would recognize Ampol's initiative in purchasing a tanker built in South Australia and would give Ampol substantial preference. They then turn around and say that it was never visualized that the Government would give them preference. Their submission continues:—

This tanker will cost Ampol (after allowing for the Government subsidy) a minimum of £3,000,000. A tanker of equivalent size and specifications can be built overseas for something like £1,000,000 less than the Whyalla tanker. The question may be asked: Therefore, why are we contemplating building a tanker in South Australia if this be so? The answer is: That in all of our discussions with the Premier we have made it clear from the very outset that, being an Australian company, we considered it our duty to support, as far as we are reasonably able, Australian industry. The effect of this Bill, if and when it becomes law, will exclude us from participating in any Government business for petroleum products in the State of South Australia and makes us wonder whether this excess expenditure of shareholders' funds is justified. In our opinion, clause 13, in effect, creates a monopoly for the Vacuum Oil Company and provides a precedent whereby any other industry could expect the same preferential treatment and the same monopolistic situation in return for setting up their industry in the State of South Australia.

They refer to the setting up of a monopolistic situation in the State under clause 13, but that is rather laughable when we look at the monopolistic control the oil companies have exercised throughout the Commonwealth over the years; they have spent millions on advertising, buying homes to convert into service stations, and getting control of all service stations, and then they come along and say that because of clause 13 a monopolistic situation is being set up in the State. These submissions continue:—

We respectfully question whether the principle of creating monopolies is a good one for any country or State to establish—

that makes me smile broadly—

We are unaware of any time limit on the Indenture. If there is no time limit we presume that this clause 13 cannot be repealed without a breach of contract between the State Government and the company.—

How right they are!—

This apparently means, therefore, that if Ampol or any other oil company contemplated building a refinery in South Australia at some later date the preferential provisions of this Act could not be repealed. Refineries have been built in other States without an Act giving preferential or "favoured nation" treatment to the owners of such refineries. In our opinion, clause 13 contravenes section 90 of the Australian Constitution which prohibits the payment of a bounty by a State.

In conclusion Ampol says:—

We ask your committee to investigate the possibility of securing this important investment for South Australia without the need for contractual obligation by law to give preference to the products of that refinery. We believe that our contribution to the shipbuilding industry of South Australia may well prove to be the forerunner of many millions of pounds investment in that industry in South Australia. In return, we do not seek preferential treatment. Our reward would be the significant contribution to the State and our

country as a whole and the preservation of our inherent right as an Australian company to trade freely with the people or Government and to secure our business on our merits.

On the one hand, the company says it does not expect the Government to give it preferential treatment; on the other hand, it says that, because it placed an order with B.H.P., the Government should have given some preferential treatment to Ampol.

The Hon. Sir Collier Cudmore—Which side are you on in this argument?

The Hon. S. C. BEVAN—I made it quite clear which side I was on. I wholeheartedly support the measure, and the attitude of Ampol in placing an order here. However, does placing an order for a tanker of this size give Ampol any rights of preferential treatment by the State Government? Does the State Government control B.H.P.?

The Hon. Sir Frank Perry—The words are from your mouth, not theirs.

The Hon. S. C. BEVAN—They are in the submissions. The whole of Ampol's submissions are built around the fact that it placed an order with B.H.P. for a tanker and, by doing that, contributed considerably to the economy of this State, but it thinks it is going to get some consideration in return. What else is it saying if not exactly that?

In conclusion, it says that in the opinion of Ampol section 90 of the Commonwealth Constitution is contravened. The phrase used is "the granting of a bounty" to the oil refinery. I fail to see where any bounty is granted to the oil refinery by the State Government under this Bill. Section 90 of the Constitution states:—

On the imposition of uniform duties of customs the power of the Parliament to impose duties of customs and of excise, and to grant bounties on the production or export of goods, shall become exclusive. On the imposition of uniform duties of customs all laws of the several States imposing duties of customs or of excise, or offering bounties on the production or export of goods, shall cease to have effect, but any grant of or agreement for any such bounty lawfully made by or under the authority of the Government of any State shall be taken to be good if made before the thirtieth day of June, one thousand eight hundred and ninety-eight, and not otherwise.

The dictionary definition of "bounty" is "a premium, given freely." The Government is not in itself giving a premium to the oil refinery or to the distributing company; neither is it giving anything freely. All it has given is a guarantee that the Government itself will take the products of the refinery for its own use on condition that the price and quality are the same as in the case of the other companies. The Government is giving little in return for the establishment of an oil refinery in this State. I cannot understand why a squeal now goes up from all the other oil companies who for many years have had an opportunity of establishing a refinery here, had they wanted to, and of receiving in return for such establishment some recognition from the State Government. If the companies are so concerned, I suggest they study the position in Queensland, where there is room for a refinery in view of the demand for petroleum products there. These oil companies have exercised a monopoly with their products in the Commonwealth, not only in the State. This legislation and the setting up of this refinery will tend to break a monopoly. If for no other reason than that, I support this Bill.

The Hon. J. L. S. BICE (Southern)—The honourable member who has just resumed his seat must have read the whole of the debate in another place to produce such theories as those he has advanced. There has been much talk about what the establishment of this oil refinery will mean to the district. During the past few weeks I have made some trips there endeavouring to locate the exact position of the refinery and also to familiarize myself with the locality. This particular part of our coast line has one attraction and one only—its depth of water close inshore. Any place in South Australia, or indeed Australia, that boasts a 60ft. depth of water at low tide is eagerly sought after.

The Hon. Sir Frank Perry—How far out is that?

The Hon. J. L. S. BICE—Less than a mile. An examination of the coast line and its rocky appearance reveals that it holds very little attraction as a seaside resort. I am concerned about how the railway will approach the site, which is all-important for the successful working of this company. I was pleased to read in the evidence submitted in the report of the Select Committee that the details of the suggested railway are to be referred to the Public Works Committee for inquiry. That will provide an opportunity for honourable members to familiarize themselves with the locality and the question of accessibility from the south end and from Hallett Cove. In obtaining materials for the construction of roads I hope that the two quarries in the gully running due west from Reynella will be closely examined because they could provide very good material. No doubt the Highways

Commissioner has looked into this aspect. The Engineering and Water Supply Department is laying a 30-inch main from Happy Valley toward Morphett Vale and eventually this will provide water for the refinery.

The only question which really gave any concern to members of the House of Assembly was that contained in clause 13 of the Indenture. We have heard sufficient this afternoon to cause members to examine this clause carefully. From the remarks of Mr. Bevan I am sure that this is warranted. When the Bill was before another place the expression was used: "The rejection of clause 13 means the rejection of the Bill." I do not believe that. The importance lies in the fact that this clause is restricted to goods available in the State, and not to imported goods. I obtained that information from the Parliamentary Draftsman, Sir Edgar Bean, today. I support the Bill.

The Hon. Sir COLLIER CUDMORE (Central No. 2)—I rise with some regret to speak on this measure because it is one of those unfortunate things which Parliament is asked to do which, in my opinion, it is extremely doubtful it should be asked to do. The Government already has power to make an agreement with an outside company to do certain things without bringing it to Parliament at all. It did this partly as a matter of courtesy to Parliament and partly, and quite rightly, because it had made the agreement with an outside body. If it were not made in an extremely fair way the Government would be liable to be shot at by the Opposition when the legislation was placed before Parliament. Mr. Bevan this afternoon spent much time quoting the objections of other oil companies, but I gathered at the conclusion that he was entirely on the side of the Government.

The proposal contained in the Bill is different from that contained in the Mining (Petroleum) Act Amendment Bill we recently had before us. The original legislation had already been passed by our Parliament, but this Bill now before us relates to a document that is cut and dried, signed by the Government and sealed, and it would be breaking a contract if the Government did not go on with it, although it is provided that it is to be ratified by Parliament by a certain date. We shall be faced with the same position with the provision relating to the establishment of steel works at Whyalla by the Broken Hill Pty. Company Ltd. Therefore, we are confronted with a difficult position. We cannot alter a single word of the Indenture, but can only talk about it, which is a futile waste of time. I have tried to imagine why it was brought before us at all, and my answer is that, firstly, it is a matter of courtesy to Parliament; secondly, so that the Opposition may express any views it has, because it has had no part in the actual making of the agreement; and, thirdly, if any trouble arises later about it the Government can come back and say, "A Select Committee of Parliament fully considered the matter and everyone agreed upon it and therefore it must be all right." That is the position we are in and we cannot do anything about it.

Every honourable member knows what the Indenture is about, as the report of the Select Committee is now public property. I obtained a copy of it only for one reason. I wanted to ascertain exactly where the refinery was to be established—whether it was to be in my district, or just outside it. It so happens that it will be just outside, and in the Southern District. It would have been desirable if the Minister, in his second reading explanation, had laid on the table of the House the report of the Select Committee so that members could have looked at the maps and familiarized themselves with the whole position, and so have known what they were talking about. We should all have been helped had that been done. It was not, and I had to take steps to find out where the report was, whether it was public property and whether I could look at it and quote from it. I suggest that instead of our going to the trouble, to which we are entitled, of referring the matter to a Select Committee of this Council, it would be a help to everyone when a subject had been referred to a Select Committee in the House of Assembly if the report were laid on the Table of this House when a Bill was introduced, and then we could all have a look at it. Frequently maps are placed on the board in the Chamber showing the areas under discussion. It is interesting to look at the maps in the Select Committee's report on the proposed oil refinery showing where it is to be located, what land has been purchased by the Housing Trust, and the route of the proposed railway.

Mr. Bevan in his excellent speech this afternoon referred to the binding of future Governments by the Indenture. Obviously a Government makes a written, sealed contract with a company, which would bind not only that Government but any future Government. That

must be so, or how could people possibly deal with the Government? It may be defeated and therefore we could not get big projects like an oil refinery established unless the Government could bind a future Government. Members will recollect that in the course of the Minister's second reading explanation I raised the question of the term of the Indenture. In clause 9 (3) appears the following:—

If during the operation of this Indenture the rate of inward wharfage payable at Port Adelaide on goods falling under the heading "Goods (not otherwise specified)" in the prescribed schedule of wharfage rates is increased or decreased, the rates fixed by subclause (2) of this clause shall be increased or decreased by the percentage of such increase or decrease.

It makes me wonder whether that was accidental wording because no date is mentioned and perhaps it was a mistake the clause was included at all. As far as I can see, there is no limit of time unless the company which has carried out the work goes into liquidation and cannot carry on; otherwise to me it appears to apply in perpetuity. I raised the same question regarding the Mining (Petroleum) Act Amendment Bill. I rather think it is wrong that we should legislate in that way. I prefer to have some kind of limit of time to most things.

As to council rates to be paid by the company, which was referred to by Mr. Bevan, to me that seems to be an entire gamble by the council. Perhaps it now receives only £100 in rates on the land in question, but under the Bill it will receive £5,000 for the next two years and thereafter £10,000. We are continuously told that this refinery will bring other industries all around it, but I do not know whether or not the district council of Noarlunga rejoices in the benefits of land values assessment thrust upon it. However, if factories are built in this area, the council may lose all this £10,000, so it seems to me to be a gamble which will benefit in the long run—the company or the council. I agree with Mr. Bevan that we should note the fact that it might go either way.

I do not propose to deal with all the clauses fixing wharfage, royalties and other matters; they have all been considered by the Government and the company, and we have no power of knowing whether they are fair or not. We can only take it that the Government has gone into them and is satisfied. However, I am troubled about clause 13, which I attack from a different point of view from any I have heard so far. The Minister made very little of it; in fact, he only just referred to it by saying:—

Clause 13 contains an undertaking by the Government that when purchasing stores for public use it will give preference to products of the refinery in accordance with the Government's usual policy of giving preference to goods manufactured within the State.

As to what this clause means, the Parliamentary Draftsman reported to the Premier, as chairman of the Select Committee, as follows:—

Clause 13 of the Oil Refinery Agreement says that "The State in purchasing stores for use by the Government and governmental authorities will, in accordance with the policy of the Government to give preference to goods manufactured within the State, give preference to products of the refinery offered for sale by Vacuum Oil Company Pty. Ltd." This clause is based on the assumption that the Government has a policy of giving preference to goods manufactured within the State and says, in effect, that for the purpose of that policy, products of the refinery will be treated as goods manufactured within the State and will get preference. The clause negatives any suggestion that refining imported oil in the State is not a local manufacture. The question may arise whether the clause means that the products of the refinery must get preference in accordance with the policy existing at the time of the Indenture, or in accordance with whatever policy may be adopted from time to time. In my opinion the clause means the policy existing at the time when the products of the refinery are offered for sale.

Who is being bluffed by that, I do not know, but it does not mean anything from that point of view, and that is the only authority we can go to.

I would like to know what are "stores." There is no definition in the Indenture or the Bill. I have not the foggiest idea whether stores are petrol, diesel oil or other refined petroleum products, or whether this means goods from the subsidiary works we are led to believe will be set up all over the place making various things from the by-products of the refinery. Surely, this cannot mean the ordinary supply of petrol that will come from this refinery. With all due respect to the Chief Secretary and his draftsman, I think the clause is loosely worded. I do not know whether it means anything or nothing. Certain people hope it means nothing, and others hope it means a lot. The other oil companies that have made submissions think it means a lot. When I first read the clause I thought it meant what the other companies think it means—that preference is to be given to the Vacuum Oil Company in whatever the Government is to buy that the company can

handle. In the printed report of the Select Committee the following appears:—

Your Committee notes the opinion of Mr. Sleeman, expressed after perusal of the Oil Refinery (Hundred of Noarlunga) Indenture Bill, that the Indenture therein "seems a very reasonable agreement" and that he "cannot see reason to regret the agreement South Australia has made with the company."

I think that what the draftsman intended to say was that the products of this company will receive the same preference as other products produced in South Australia; in other words, we would not have had all this trouble if, after the word "give" the words had been "the same" or "equal" or something of that sort. We would then know what the clause is intended to mean.

I raise three matters: firstly, what are "stores"; secondly the words "the same preference" or "equal preference" should be inserted in the clause, which I think is what the draftsman intended to put, and I think the company may still agree to this; and thirdly, why is preference given to a subsidiary company that sells only by-products and not to the refinery itself? This seems to leave extraordinary loopholes. I realize we cannot do much about the matter because, if we do not pass the Bill as it is, there will be no refinery, and it will be said that this Council is to blame. I do not like to be put into that position, but I think it is my duty to point out the deficiencies and snags I see. If the clause is passed as it is, I would not be surprised if someone has to be sent to the Privy Council to see what it means, so I do not think it is right to put it through without doing anything about it. We can do no more than comment on the Bill, but I hope the Chief Secretary will explain what these things really mean. I support the second reading.

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

ADJOURNMENT.

At 4.14 p.m. the Council adjourned until Wednesday, October 8, at 2.15 p.m.