

LEGISLATIVE COUNCIL.

Tuesday, April 5, 1960.

The PRESIDENT (Hon. Sir Walter Duncan) took the Chair at 3 p.m. and read prayers.

PUBLIC WORKS COMMITTEE REPORTS.

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

Millicent Primary School (Additional Buildings) (final).

Sewerage of West Beach Area, Lockleys and Brooklyn Park.

ADDRESS IN REPLY.

The Hon. Sir LYELL McEWIN (Chief Secretary) brought up the following report of the committee appointed to prepare the draft Address in Reply to His Excellency the Lieutenant-Governor's Speech:—

May it please Your Excellency—

1. We, the Members of the Legislative Council, thank Your Excellency for the Speech with which you have been pleased to open the present session of Parliament.

2. We reaffirm our faithful allegiance to the Throne and join with other loyal subjects of Her Majesty in congratulating Her Royal Highness, Princess Margaret, on her betrothal.

3. We appreciate the tribute of praise paid by Your Excellency to the outstanding work of Sir Robert and Lady George in this State.

4. We assure Your Excellency that we shall give our best attention to all matters placed before us.

5. We earnestly join in Your Excellency's prayer for the Divine Blessing on the proceedings of the session.

The Hon. G. O'H. GILES (Southern)—I am honoured, on behalf of the Government in this House, to move the motion for the adoption of the Address in Reply. Firstly, may I associate myself with the remarks of His Excellency the Lieutenant-Governor, Sir Mellis Napier, on the birth to Her Majesty the Queen of Prince Andrew. We join with the peoples of many lands in expressing our congratulations. Her courage in completing her recent Canadian trip is an intensely human matter which all her people can understand and which further endeared her to us all. I know all the people of South Australia rejoiced with the Royal Family on the birth of the prince; and also on the news of the betrothal of Princess Margaret. We have already witnessed her ability to make stern decisions in her own right, and we wish her the best of good fortune and a very useful life.

Recently we farewelled Sir Robert George and Lady George. Their ability to get to

know people and cover long distances is well known, and I associate myself with the sentiments expressed in the motion in relation to them. One of the finest things we can say about Sir Robert was his obvious sadness in leaving this State and his job, and I am sure that in both Sir Robert and his predecessor, Lord Norrie, we have in the other quarter of the globe two ambassadors who will never cease to speak in the best terms of our portion of Australia.

I would also mention, in passing, the death of the late George Hambour, and among all the tributes that have been paid to him I feel that there is one aspect which, perhaps, has not been mentioned, namely, his very great interest in all new members of both Houses of Parliament. I offer my very real regret at the passing of George Hambour and wish to place on record my very deep appreciation of the help he gave me. Quite apart from his great contributions to debates in Parliament, I feel that many of us in both Houses will miss him as a friend, and I am certain that Parliament will be duller without him.

During the last 12 months we have witnessed a set of circumstances perhaps unique in South Australia. I refer to the worst drought since 1914, the more acute because it hit South Australia rather than other States. Secondly, there was a big increase in the basic wage, followed by increases in margins for skill involving most sections of the working force of the State—excluding, of course, those who work on the land. The Government, as a result, has had a most unenviable job in trying to balance the financial undertakings of the State. As members will note in paragraph 29 of His Excellency's Speech, the deficit which is expected at the end of the current year is almost £2,000,000, as against an estimated deficit of nearly £800,000 in the Budget presented last September. As most of the deficit involved is the result of the cost of pumping River Murray water only one comment is possible: that the greatest commendation possible should be given the Government, particularly the Treasurer, for coping with this most difficult situation in such an efficient manner. Furthermore, the people of this State must be full of gratitude for the foresight of all those in high places, and not so high places, for the fact that in South Australia during this last summer we have not had to resort to water restrictions to householders to any degree. This is a remarkable state of affairs when we consider the terrifically severe drought that we have experienced.

The Hon. K. E. J. Bardolph—Don't spoil a good speech by bringing politics into it.

The Hon. G. O'H. GILES—No water restrictions in South Australia during the worst drought since 1914 is not a question of politics; it is due to sheer good organization, and I give the Government full marks for it. This Government, probably more than any Government that has been in power in Australia in recent years, has shown its awareness of the importance of water to industrial development, and it is pleasing to note that the pouring of the huge walls of the Myponga Reservoir has already started. The construction of a huge lake near the junction of the Murray and the Darling will obviously mean an important source of water supply for the future development of this State. Looking ahead a little further again, we can see the possibility of transforming sea water into fresh, a state of affairs that will not become possible until the advent of atomic power in South Australia. In this regard the increased population of Adelaide plays a very important part because smaller atomic power stations are on the whole more uneconomic than the larger ones.

The second of the major factors affecting the economy of the State, as I previously mentioned, was the huge rise (relatively at any rate) in the basic wage and margins for skill. This has meant a great increase in the cost of running our civil services and, coming as it did in the middle of a drought year in South Australia, it must have been a source of worry to the Government. A further drain, as compared with the Federal Government, was the fact that although a large section of the Australian people immediately moved up into a higher income bracket, giving increased revenue to the Federal coffers, so far this State, as is the case with other States, has not been able to get any worthwhile taxation reimbursement to help it out of its particularly onerous problems.

The Hon. F. J. Condon—Parliamentarians got nothing out of it, anyway.

The Hon. G. O'H. GILES—I agree with the honourable member, but it is a statement of fact that it does not hurt to consider at this stage. My attitude—and, I trust, the attitude of most honourable members here—has always been that any increase in the wages of the vast proportion of the people of South Australia is not a bad thing: in fact, it is a good thing. I am happy in some ways that that is the case, particularly if the wages can be absorbed in the general economy of the country. I have heard mention in this House

since I have been here the catch phrase "a fair day's pay for a fair day's work," and I subscribe to that point of view. My only complaint is that a large section of the community does not benefit by this rise, but is in fact unduly penalized. I refer, of course, to the agricultural community.

May I quote some figures from the *Statistical Register*, which gives the total value of production in South Australia for the years ending June, 1957, as £280,000,000, in round figures.

Of this total, the value of factory production is £127,000,000, and the net primary production in South Australia is worth £153,000,000—a difference of not quite £30,000,000. From those figures I want to point out that this State is primarily an agricultural and pastoral State. I do not mean for a minute to belittle the great increase in secondary production that has taken place over the last few years; £127,000,000 represents a very high proportion of the State's total earnings. I want to give credit to all who have had a hand in that achievement; and, furthermore to point out the great asset to this State that that has proved during this drought year, because there is no shadow of doubt in my mind that without secondary development South Australia would have suffered far more severely than it has during this drought season.

As the honourable Mr. Potter, my friend and colleague, is to second this motion for the adoption of the Address in Reply, I intend from now on to keep mainly to matters pertaining to primary production. I heard a radio talk a week or two ago from a source in Tasmania. I am afraid I do not know to this day who made these remarks, but he was pointing out the terrific increase in profit that shoe retailers were making in Tasmania. He finished up by saying that if this trend continued over many years, or similar trends continued until 1965, in his opinion by 1965 the basic wage would be £25 a week. It is on that trend that I want to base some of the background in terms of the agricultural problem today, though I appreciate his forecast is perhaps an exaggeration. Some honourable members may not agree with him, but it is something that we must consider in planning the future of agriculture in this State.

In nearly every primary industry today, whether wool, fat lambs, dried fruits or dairying, the price gained by the farmer is subject to, or affected by, the export price paid. Very often the home market, which is held up to us as our best source of getting rid of our production, has a price that is largely based on

the export value, pre-sold, and the normal laws of supply and demand seem to function within the limits set by that export price.

The Hon. F. J. Condon—You cannot say that about wheat.

The Hon. G. O'H. GILES—Of course not. The honourable member appreciates why I have left wheat out of the string of agricultural enterprises I have dealt with. As honourable members know, the price of wheat is based on cost of production figures entirely. What I want to establish now is the necessity under our present economy for our primary producers to be able to export. The obvious danger in any trend of very high basic wages working through higher costs is that we may be costed out of our export markets. As an example, Lord Casey pointed out recently that 20 years ago 38 per cent of our total export income was from wool. Today, that has increased by 10 per cent to 48 per cent. That is an example of the trend in Australia towards greater dependence on primary production. For instance, we can go a stage further and point out that 90 per cent of the total export income of Australia comes from primary production, and this is achieved by under 8 per cent of the population. In fact, the latest figures show it is possibly nearer 5 per cent of the total population, but final figures are not available to substantiate that. What is certain is that under 8 per cent of the people of Australia produce 90 per cent of our exportable wealth. If the costs of manufactured articles are to continue increasing, the farmer of this State will want to know whether he is going to be priced out of his export market. If he is, what will happen if the local markets are flooded?

Secondly, how is he to stay in production if his costs get beyond the price level available from either of those two sources? These are questions it is not within the province of this Parliament or any State Parliament to answer, but I am dealing with these questions to give background to some suggestions I intend to make in a minute. If we in Australia look at the agricultural enterprise of Great Britain or the United States, we see a very different picture. In Australia much of our traditional self-sufficiency and traditional ability to cope with any situation—in the case of a war, for instance—comes about from the spirit of individuality that exists, and has existed for many years, in our farming community. I do not wish to detract from the worth of the person who is unlucky enough to have to live in the city, but I believe the principle is

still there. In both Great Britain and the United States of America, the agricultural industry is heavily bolstered by protective influences. In America that result is achieved by a semi-closed economy. In England it is achieved through every taxpayer paying, on an average, two-and-twopence a week to bolster agricultural industries. I have no doubt that those people have their own domestic problems and that they are willing to do that to obtain self-sufficiency within the British Isles. The point I make is that the farming community in this State wants to know exactly where its future lies.

The South Australian Government has done much compared with what has been done in some other States to lessen the burden on primary producers in this State. Honourable members know of some of the beneficial actions of this Government in that direction, and I do not intend to elaborate on them. Farmers have, for instance, the freedom to use ancillary vehicles, a privilege that does not apply in some of the other States. I hope that in the next few years the Parliament of South Australia may achieve further reforms in the agricultural sphere. The first matter I desire to refer to is the problem of the uneconomic size of farm holdings. The Deputy Prime Minister of Malaya has said:—

It has become the basis of our land policy that we should endeavour to give each person an economic size of holding, that is, 8 to 10 acres of land composed of rubber and fruit trees.

That is the economic limit of a holding in Malaya. Japan has a considerably lower area, but in South Australia it is much larger because of our high costs of transportation and the high standard of living to which we have become accustomed. Probably of even more importance is the fact that we are becoming increasingly mechanized in farming. It is essential that we continue along these lines if we are to continue in the export field today. In this State, with the aid of mechanization, the economic size of a holding is often considerably more than one thousand acres of land. The South Australian Department of Agriculture recently pioneered an Advisory Section of Farm Economics, and I believe the Minister of Agriculture must receive some credit for that. I hope that many farmers in this State will take advantage of the services offered by that section to determine whether their farms are being operated on a proper business basis, and to determine whether the areas operated are big enough to warrant the trouble of continuing on particular farms.

This Government can further encourage that action on the part of individuals, namely, to examine the problem of the uneconomic size of holdings. Under the Crown Lands Development Act the Government should make sure that areas that are sub-divided are of sufficient size to allow elasticity of enterprise. By this I mean that the areas should be large enough if necessary to allow a swing from one enterprise to another. Sir Robert George in his opening speech delivered in 1959, said:—

The Government proposes to make available for general application any areas of Crown land which have reasonable prospects of success, and will continue the policy of enlarging small holdings.

I do not know whether that means that small holdings are to be generally enlarged, or whether only Crown lands are to be enlarged, but the important thing is that the principle should be recognized. I imagine it means that in certain cases several miscellaneous leases will be made into one holding, as Crown lands. I do not think the principle of allowing small uneconomic holdings should be encouraged. The trend in every country that I know of is towards larger farms and the reason for that trend is that much more mechanical power is used while far less manpower is employed. This trend must have a very important bearing in the present scale of increased costs that is developing in Australia today. As newer and more expensive machinery is produced, the farms in Australia must be big enough to warrant the purchase of such machinery and plant.

In paragraph 9 of His Excellency's Speech I note that 39,000 acres of land has been developed under the Crown Lands Development Act, and I understand that allocation is being made at present. I congratulate the Government on proceeding with these areas at Fairview Estate and at Penola in the South-East, and I hope it will continue with this policy of developing any available Crown lands for sub-division. I believe we all know that in South Australia only 3 per cent of our land has a rainfall in excess of 20in., so it is impractical to expect a big scheme of development under Crown land development. However, I suggest that where possible, on Kangaroo Island, in the Mallee country forming a triangle between Coonalpyn, Lameroo and Taillem Bend, and in the River districts on irrigated blocks, this Government should continue its policy of trying to put people on the land. I suggest also that all successful applicants in the Fairview Estate and Penola subdivisions, who should shortly be announced, should be asked to attend a series

of lectures to be conducted by officers of the Farm Economics Branch of the Agriculture Department. If such a series of lectures did nothing else, it would acquaint those people with the liabilities to be faced over the years in the way of interest and capital repayments, and furthermore, it would give them a better picture, in a general fashion, of the management of the particular farm they are about to acquire. I do not think the applicants would mind being asked to attend a course, and it would certainly give them some understanding of the general situation before they moved on to their blocks of land.

There is a third way in which I hope the Government can assist. I believe there is a great need for some scheme to finance the purchase price of developed and partly developed land. This has been done in other States with much success, and I believe it is a scheme that we should consider before undertaking any more closer settlement schemes here. Closer settlement, of necessity, entails the acquisition of land. I particularly mentioned schemes other than closer settlement schemes, first because I think the world trend is towards larger blocks, and secondly because in a democracy there must be great respect shown for ownership of property. I hope the Government can find some basis on which it can provide finance to suitable applicants, but I suggest that the applicants must be well screened and carefully selected to ensure that they are persons suitable to own farms in their own right. It is necessary to try to find finance, particularly for the purchase of properties, up to a certain value, of course, because I anticipate that in many of the developed areas in South Australia (and they are very limited) we shall get a great rise in production through well qualified applicants going on to old and run-down blocks and being able to make a far better job of the proposition.

The Hon. K. E. J. Bardolph—But not at inflated prices.

The Hon. G. O'H. GILES—I can see the honourable member's point of view, but I am putting it forward because I believe it is a move we in South Australia must take into account. In Victoria they have these types of loan on a 41-year basis at four per cent.

Fourthly, I think we must realize that wherever possible for any increase in production in this State, apart from closer settlement, we must supply further facilities to the farming community. I congratulate the Government on its sound action in extending

electricity supplies to outlying areas. That has meant a very real asset economically and in terms of the scale of living of the farming community.

The Hon. F. J. Condon—Who was responsible for the Electricity Trust Bill?

The Hon. G. O'H. GILES—I do not think we need debate that at present. I am more interested in facts and the facts are that this Government has brought electricity to farms in a real way, and I ask that it continue that trend and try to extend it where possible. There are many areas in the State where production could be lifted to a very great degree by the introduction of water schemes in certain problem areas. The Government has a very fine record of having introduced such schemes. I refer particularly to the scheme under way already, I believe from Tailem Bend through the hundred of Ettrick toward Meningie. There is problem country there where the salinity of present supplies is so high that we shall see a further lift in production as a result of these sensible and far-sighted moves. I see a particularly good example of this lift in production, which could be achieved around the highly fertile area of Sandergrove, Woodchester and parts of Strathalbyn. The member for Stirling in the House of Assembly has already tried to see that something be done there. In this small area of very rich soil, which could very easily be one of the market garden areas for Adelaide in another 10 years, the salinity reaches between 300 to, in some instances, 1,000 grains to the gallon. This is very poor water indeed. As honourable members well know, the tolerance for producing poultry, pigs and rearing calves and for many other things, including use for human drinking, is at the maximum 300 grains. Significantly, a bunched sample taken in this area was possibly nearer 500 to 600 grains. This is not a matter of emergency that has come about through drought conditions. It bears no relation to that at all. This is a case where production can be increased by laying on water to that area. Lake Alexandrina in this case is very close, and this particular problem exists right against the shores of that lake. I ask the Government to try to help increase production in this State by such schemes. Perhaps I am sounding a little too confident here, though I do not mean to be, but I do not think that any real argument can exist against any of the propositions I have put forward.

The Hon. F. J. Condon—Apart from cost.

The Hon. G. O'H. GILES—The honourable member beat me to it. That, of course, is the obvious and one weakness. I hope that the Government (perhaps not in the near future, although I hope it will be) can find the finance to help development along some of those lines, and that honourable members will see sense in some of the suggestions I have put forward.

I should like to emphasize the importance of area schools to the agricultural community. An area school in the country, if set up in the best possible situation, is usually in the middle of a series of country towns. The result is that it gains its pupils from two sources, firstly, from that centre, whose pupils become the solid core of students of the Intermediate and Leaving classes who wish to qualify under the Public Examination Board standard. Secondly, the more practically inclined from that group, but of possibly slightly less I.Q. standard from the outlying areas, who form the basis of the area school itself. In country areas the area schools perform another very useful function, and that is through interesting children in the practical side of education. I have seen numerous instances of children staying at school far beyond the period they would normally attend in country areas. There is nothing more horrifying to my way of thinking than seeing a child left behind in his school work, and because he is behind, developing a lack of confidence generally, and consequent lack of confidence in the world about him. If that is not a breeding ground for delinquency, I don't know what is. These area schools fill a great gap which otherwise would be left in the educational pattern in country areas. I commend the statement in paragraph 19 of the Lieutenant-Governor's Speech that there is to be a total estimated expenditure this financial year on education of £17,500,000, which is a great effort on the part of the Government and to its credit. Notwithstanding that, I ask that in future where possible the area school system be extended in country areas. Further area schools should be constructed in country areas because the people there certainly deserve them.

May I finally refer to what to my mind is the outstanding vision shown by the Premier and particularly by his second in command, the Hon. Sir Lyell McEwin (Chief Secretary), and other Ministers, both past and present, in planning the development of this State. I think this is well worth mentioning at this stage. The junior members of this Parliament have watched, I think in some amazement,

piece after piece of the overall jigsaw puzzle fall into place; and very often we only realize how much planning has gone into so much of this development by looking at the matter in retrospect. I humbly congratulate all those responsible, including departmental chiefs, who have played their part in this amazing transformation of South Australia over recent years. As regards foresight, perhaps I may suggest two ways in which a little more might have been used. Firstly, I refer to parklands in the outer suburbs. This is a problem that must be faced today, for tomorrow will be almost too late in view of the present rate of expansion of the metropolitan area. We have had before us throughout the life of the State, the magnificent example set by Colonel Light which has influenced the pattern of the development of Adelaide, and I would like to think that the future pattern will be looked at very closely.

My second suggestion relates to the tourist traffic. May I preface my remarks by saying that the Tourist Bureau has achieved a great deal and I am particularly pleased that its policy has swung slightly from that of providing small facilities around a lot of country areas and holiday resorts to one of getting into broader schemes that will have a bigger impact on the tourist trade. This, I consider, is a move in the right direction. Any big scheme that the Tourist Bureau can help to finance is the sort of scheme that can be of great benefit to South Australia, because the tourist traffic is one that should not be under-estimated. Following this line of thought, I suggest that possibly the Government could give serious consideration to the building of a road from Meningie to Goolwa. It would follow the line of the barrages most of the way and would include the Princes Highway through the Coorong, and thereby catch much of the tourist traffic coming from that direction and divert it towards the fast developing holiday resorts on our south coast. What a magnificent attraction it would be to tourists to go through this lake country and the Coorong by such a route. It is, of course, possible already to traverse that section of country—not in a boat necessarily—so I do not think the scheme would be overburdensome in cost, but it would be a great asset to the State and the sort of thing that could make a real impact on the success of the tourist trade. It would be possible, I imagine, to meet some of the cost by keeping heavy traffic off the road and confining it to light tourist traffic, and I imagine that when the Minister of Roads comes back from America he may have ideas of off-setting expenditure of this kind by a small toll. My experience of

tourists is that if they are faced with paying a toll it suggests to them that there is something worth having a look at, and I imagine that the psychological effect of such a toll would be great indeed.

I have honestly tried to put forward some of my ideas that I believe to be worthy of consideration. I feel honoured in being asked to move the motion for the adoption of the Address in Reply, and have pleasure in so doing.

The Hon. F. J. POTTER (Central No. 2)—I have the honour to second the motion so ably moved by the Hon. G. O'H. Giles, and I would like to associate myself particularly with the matters mentioned in the Address in Reply concerning our allegiance to Her Majesty the Queen, the references to members of the Royal Family, and our tribute to the work done by His Excellency, Sir Robert George, when Governor of South Australia.

The nature of a speech delivered by His Excellency upon the opening of Parliament is such that one should not look for anything sensational in it and on this occasion we have no exception to that situation. The whole tone of the Speech suggests that in this State we have had a rather worrying time in the last few months, but despite all the difficulties with which it has been confronted, the Government has maintained public services to their fullest extent and gone quietly ahead with developments along well established lines wherever this has been possible. Unfortunately, it has been necessary to curtail our loan programme so as not to run into a deficit of a very large order. This is the only practical and sensible thing that can be done in the circumstances. The increased deficit has been brought about by three major factors; firstly, the tremendously increased cost of pumping water from the River Murray to the metropolitan area; secondly, loss of revenue arising through drought and, thirdly, through increased labour costs arising from increased margins as a result of a decision of the Arbitration Commission.

The increased expenditure on pumping through the Murray pipeline was, of course, absolutely unavoidable. If it were not for the existence of the pipeline, then there is no doubt that Adelaide would have been a stricken city this year. Too many people now take the pipeline for granted and do not realize that if it was not there, fifty reservoirs in our hills would have been of no avail this year when there was no intake at all from natural sources.

Two major difficulties experienced during last year and referred to in His Excellency's Speech are the serious drought and the

economic situation which has arisen from increasing inflationary pressures. There is, of course, nothing that we can do about the drought, except to hope that we shall not experience another like it for some years to come, but as for increasing inflationary pressures, this has become a major topic of discussion among people from all ranks of life, because it does affect us all and it is to be hoped by a more adequate understanding of the causes of such pressures that some real efforts will be made to deal with the problem. During the last nine months, we have witnessed two major changes which have been brought about in the economy as the direct result of judgments delivered by the Arbitration Commission. The first of these was in June, 1959, when the Commission decided that the basic wage should be increased by 15s. a week, and this was followed only five months later by a further decision of the Commission that there should be an increase of 28 per cent on the 1954 margins over the basic wage in the Metal Trades Award. Both of these awards were based on an alleged increase in Australia's prosperity. That is quite clear from the judgments. It seems strange to me how in such a short period of five months Australia's prosperity could have taken such a leap forward as to justify the enormous increase in the country's wage bill as resulted from the 28 per cent margins increase and now, only another five months later, arguments have been put to the Commission that our prosperity has still further advanced. We may ask in passing why it is that the arbitration tribunals in this country are continually besieged by applications for increased wages, why there is constant and unrelenting pressure from the trade unions for these increases? There may, of course, be many reasons, but I cannot help thinking that one of the main practical reasons is that union secretaries are subject to re-election either every 12 months or at the most every five years and that they must benefit the members of their union in some way or other during their period of office or they undoubtedly run a great risk of finding themselves displaced in favour of somebody who will promise to deliver the goods.

However, to get back to what I was saying about the Arbitration Court's decisions, firstly it is surely completely fallacious to even imagine that the basic wage and the margins are two separate things, yet this is what the Commission has done in the past. Surely, it is patent to every one of us that the basic wage is only part of a wage, and yet the

Commission in its judgments has treated it as a separate matter involving a separate hearing. The average wage paid in South Australia (according to the latest payroll tax figures) is £20 a week. The basic wage is £13 11s., so you have a £6 a week margin. Allowing say, £1 a week for overtime payments, you have a £5 a week margin, which is to be increased by 28 per cent at least as far as Federal awards are concerned. That is something of the order of 28s. a week, a staggering increase adding as much as £165,000,000 to the Australian wage bill. It is even more astounding for the Commission to say that in their opinion Australia can afford it. Can South Australia, which has been having the worst drought in its history, afford extra wage demands of this magnitude? I would say that responsible members of the Government would not agree that the State could afford it without any clear idea of where the extra money is to come from. It is plain that the State Industrial Court does not agree, but is forced by circumstances to follow the Commonwealth line.

One would expect to find in a judgment involving these millions of pounds that careful and detailed reasons would be given and supported by solid facts, but if one turns to the judgments of the court one finds nothing of the kind. It is disturbing to read the brief, nebulous reasons advanced by the Arbitration Commission Judges for their belief that Australia's prosperity is growing. One finds nothing there but the vaguest generalities. Firstly, they say we have a surplus on our overseas balance of payments. Does this really mean very much during a period when imports are subject to control? It will be very interesting to watch the situation which develops in the future as a result of the recent lifting of import restrictions. There is a constant and ever-increasing stream of applications to the Tariff Board for protection. Is this factor indicative of the kind of prosperity that the Arbitration Commission is seeking to measure? The truth is that the Australian consumer is subsidizing a good percentage of our exports and as we push up internal costs, he has to pay even more because costs are higher as a result of both the actual increase and the extra payroll tax that must be paid as a result of paying high wages. In other words, there is a double barrelled effect.

The Hon. S. C. Bevan—Who wrote this speech for you?

The Hon. F. J. POTTER—I wrote it myself, if it is of any interest to you. Secondly, the

court says that unemployment is at a very low figure. Thirdly, it admits that on the matter of company profits the true position is obscure—and it is obscure. We hear much loose talk from our friends in the Opposition about greatly increased company profits. To get a proper picture, company profits must always be related to shareholders' funds. The Commonwealth Bank does this in its prepared statistics, and I quote the latest figures available, as at June 30, 1959. In the *Statistical Bulletin* for that month, at page 159, company profits are set out expressed as a percentage of shareholders' funds, and we there see that for all the groups—that is, all industries and companies—in 1955, the percentage of profit to shareholders' funds was 10.4; in 1956 it was 9.4; and in 1957 and 1958 it had fallen to 9.2. These are the greatly increased company profits that we read about—9.2 per cent as against 10.4 per cent in 1955, related of course to shareholders' funds. If we look in particular at mining, we find it has dropped from 21.8 per cent in 1955 to 7.7 per cent in 1958.

I should like to suggest to my vocal friends of the Opposition, what if we were to put the Commission's reasoning conversely? If we were to suppose for a minute that the terms of trade in Australia were unfavourable, and that unemployment was much higher than it is at present, would those two facts necessarily mean that Australia was much less prosperous? That is the kernel of the problem, because it does not follow that that would be the result.

I read with interest some little time ago some remarks and questions that were put by the Minister of Education to the Fifth Summer School of Business Administration held in Adelaide. He asked the school, "Why is it that we are assured there is increasing productivity when we scarcely ever have the happy experience of lower prices?" The Commission said that it is the capacity of industry to pay increased wages which counts with them, but "industry" means all sections of the community—Government employees, professional workers, primary and secondary industries. The essential thing for the Minister, and those who ask questions like the one he asked, is to see that "industry" and "productivity" mean both goods and services, and that an increase in one does not necessarily mean an increase in the other.

His Excellency's Speech refers, for instance, to the great increase in the number of teachers required in our schools. These extra teachers cost us money, but they are not producing immediate measurable results in the same way

as the manufacturer of goods. If, for instance, we were to shut down a big concern like Pope Products Limited, and absorbed all employees in that industry into the Public Service as teachers or extra policemen, they would immediately be getting increased wages and the volume of services would be increased, but the actual volume of goods in the community would be down because the industry had gone. That is the position that all the State Governments are faced with. They are faced with the demand for more and more services and, in my opinion, the Arbitration Commission has not clearly understood how to make proper measurements in assessing whether or not there have been increases in productivity. Real productivity in this country is almost certainly not increasing at a greater rate than 1 per cent per annum, and yet we have wage increases measuring 8 per cent granted already.

I want now to turn to a problem which should deeply concern all of us as members of a State Parliament. It is a problem which has grown up over the years through the operation of the Commonwealth Arbitration Tribunals affecting State concerns. You might say that this is a situation into which we have almost stumbled with our eyes only half open to its dangers. The Hon. Mr. Giles mentioned something about a jigsaw puzzle. So many people these days talk about the economic situation and they make talking points of odd matters. In some ways this question is like doing a frustrating jigsaw puzzle. People take up individual pieces as they would take up individual pieces of the puzzle, and they discuss them, trying to suggest how they should be dealt with, and where they fit in the over-all picture. I should like to suggest that a fantastic picture emerges when we fit together the mosaic of government in the State and Commonwealth spheres, as that mosaic is affected by the decisions of the Federal Arbitration Courts; but we must fit the pieces together and look at the result and ask ourselves soberly just where we are going as far as State Governments and State Parliaments are concerned.

The first thing we see is that there are more people in South Australia covered by Federal awards than are subject to State awards. I have a list here of the Federal Awards in force in South Australia. They range from agricultural implement making down to wool and basil workers. I do not intend to weary the House by reading the list, so I ask permission to have the list incorporated in *Hansard* without my reading it.

Leave granted.

LIST OF FEDERAL AWARDS.

Agricultural Implement Making.
 Artificial Fertiliser and Chemical Workers.
 Builders' Labourers (on site).
 Builders' Labourers (mixed enterprise).
 Carpenters and Joiners.
 Clerks (Airway Operating Industry).
 Clerks (Oil Stores).
 Clerks (Shipping Offices).
 Clerks, Wool Stores, Etc.
 Clothing Trades.
 Coopers.
 Corporations and District Councils Agreement.
 Dried Fruits.
 Dry Cleaning and Dyeing.
 Enginedrivers and Firemen.
 Food Preservers.
 Footwear.
 Fruitgrowing.
 Furniture Trades.
 Graphic Arts.
 Manufacturing Grocers.
 Meat Trades (Ham and Bacon).
 Meat Trades (Shops and Smallgoods
 Factories).
 Metal Trades.
 Mobile Crane Drivers.
 Oven and Stove.
 Saddlery, Leather and Canvas Workers.
 Ships' Carpenters.
 Ships' Painters and Dockers.
 Shipwrights.
 Stonemasons.
 Storemen and Packers (Bond and Free
 Stores).
 Storemen and Packers (General and Egg
 Processing).
 Storemen and Packers (Oil Stores).
 Storemen-Packers (Wool, Etc., Stores).
 Tally Clerks.
 Tanning Industry.
 Textile Workers (Cotton).
 Textile Workers (Knitting).
 Textile Workers (Woollen and Worsted).
 Textile Workers (Miscellaneous).
 Timber Workers.
 Transport Workers (General).
 Transport Workers (Milk Carters).
 Transport Workers (Oil Stores).
 Transport Workers (Airways).
 Trustee Officers.
 Vehicle Building.
 Waterside Workers.
 Wool and Basil Workers.

The Hon. F. J. POTTER—Several of those Federal Awards directly involve employees of the State Government, particularly builders' labourers, carpenters and joiners, enginedrivers and firemen, graphic arts, metal trades, and timber workers. The list is slowly but surely growing.

The Hon. K. E. J. Bardolph—You have missed one out—the Law Society.

The Hon. F. J. POTTER—We might even have that in it, too. This State is supposed to be autonomous, its Government answerable to Parliament for the expenditure of its revenue. It is true that under the uniform taxation

scheme we do not collect the major taxes, but receive a share based on a negotiated formula. It is true that on the Loan Council, which controls the amount of public borrowings, we have only one vote. But, subject to the control of Parliament, the Government can spend its share of tax revenue and public borrowings as it sees fit. Even the awards of the State Industrial Court, in so far as they affect Government employees, only come into operation when Parliament has voted the necessary moneys to meet them. But in the case of Federal awards, we are faced with the situation that the Government or Parliament has no say. It must pay them whether it agrees with the reason or not, whether the revenue is depleted through a serious drought or not.

How did this state of affairs arise? Well, it is a long story, as honourable members may know. Under the Commonwealth Constitution the Commonwealth Parliament has power to make laws for the settlement of interstate industrial disputes by conciliation and arbitration. It has exercised its power by setting up a Conciliation and Arbitration Commission composed of Judges and Commissioners and under the Conciliation and Arbitration Act the jurisdiction of these Commonwealth Arbitration Courts is limited to making awards in respect of people engaged in an industry. You can see, therefore, that there are two broad restrictions.

Firstly, the dispute must be of interstate character so as not to offend the Constitutional provisions, and secondly the awards must be in respect of an industry. However, both these restrictions have been progressively and, I suggest, from the State viewpoint, alarmingly modified by the interpretation put upon them by the High Court.

It seems beyond question that the founders of the Constitution had in mind when they framed this particular placitum, legislation dealing with the settlement of disputes involving interstate workers such as seamen, who moved around from State to State. It was obviously thought likely to have a very limited effect. But over the years the thing has broadened so that now the creation of an interstate dispute is nothing but an artificial act, even a mere sham. It is not exaggeration to say that today a union secretary can create an interstate dispute by sitting down and writing a letter to his opposite number in another State, and where this happens the whole thing can be brought to the Commonwealth Tribunals for decision.

The Hon. F. J. Condon—What do you suggest?

The Hon. F. J. POTTER—I shall suggest something in a minute. Do not get anxious. How many employees of the State railways work interstate? How many builders' labourers, carpenters and coopers move interstate in the course of their employment? Yet, a Commonwealth Conciliation Commissioner, an ex-chauffeur of a former Labor Minister, can say to this supposed autonomous Government of South Australia, "You pay another million pounds to the employees of your Railways," and this Government and this Parliament can do nothing about it. This very thing has occurred, and at a time when the railways revenue, because of the serious drought, is at a low ebb. Another Commissioner on March 16, 1960, awarded service payments to the employees of the Tramways Trust, another Government instrumentality, merely because as far as I can see by his judgment he granted them to employees of the tramways in Victoria. This must mean higher fares or increased Government assistance to the trust or both, and we all know what effect higher fares have. They add a burden on the community and have a further adverse effect on the Tramways Trust revenue.

The Electricity Trust is the biggest Government undertaking of all, but many of its weekly paid employees are governed by Federal awards. Recently there was an increase granted by a Commissioner to power house employees without even notice of hearing of the claim being given to the trust. But as I said, there are deeper implications and results which may yet come. I have referred to the way in which the High Court has broadened the interpretation of what is an interstate dispute. Recently in a judgment delivered in September last year, in what has become known as the Association of Professional Engineers Case, the High Court has widened the concept of what is an "industry" within the meaning of the Conciliation and Arbitration Act and the result of that decision is that engineers, including those employed by the State Government, are now before the Arbitration Commission on a hearing on their log of claims for an award.

All State Parliaments should be gravely disturbed about the possible implications of this decision. All States except Queensland and Tasmania were represented at the hearing and New South Wales, a strong Labor State, was a moving force behind the appeal.

I spare the House a dissertation on how it could be thought possible for a court to fix

rates of salary for engineers throughout Australia, with all the complexities of work, all the different qualifications involved; it is sufficient to state that if history repeats itself, as I have little doubt it will, then the commission will make an award at substantially higher salaries than the majority are receiving at present. If this occurs, then at least some, if not all, engineers employed by the State Government will get increases. In any case the Government's hand will be forced because if there is one thing that is certain in these matters it is that once the thin edge of the wedge is driven into a wage structure the whole edifice goes. You cannot discriminate between officers in a particular department; this indeed is the impossible position in which the State Industrial Court finds itself—once the Commonwealth Court has awarded increases, sooner or later the State Court must pass them on to employees under State awards.

Now the question I want to leave with honourable members is this: "Where will this process end?" The High Court in the Professional Engineers case delivered a very lengthy judgment with six Judges of the Court each contributing. I desire to read one or two passages from the judgment and firstly I intend to quote from the head note of the reported decision. This is what it says:—

It is not the law that a dispute between a State or an agency of a State and its employees cannot be an industrial dispute within the meaning of section 51 of the Commonwealth Constitution where the employees are engaged in governmental functions. Employees engaged in the essential administrative functions of the State are not employed in industry, but when the employment falls within the meaning of the word "industry" the Commonwealth power extends to disputes therein.

The Commonwealth Arbitration Commission can by an award binding upon a State and its agencies regulate the conditions of service of professional engineers employed in engineering tasks in the construction or maintenance of State works in the conduct of public utilities controlled by a State.

The Hon. K. E. J. Bardolph—What is the point you are trying to make?

The Hon. F. J. POTTER—I will make a point all right. Mr. Justice Kitto in the opening paragraphs of his judgment said:—

The endeavour which has been made on behalf of the Government departments and governmental bodies represented before the court, to maintain that the governmental nature and purpose of their functions excludes the possibility of their being engaged with members of their staffs in an industrial dispute in the constitutional sense of the expression,

could not succeed without a radical departure from established constitutional principles. The alternative endeavour, to place upon the provisions of the Conciliation and Arbitration Act which define "industrial dispute" for the purpose of that Act a construction which excludes disputes, even though they be industrial disputes in the constitutional sense, which arise between the department and bodies referred to and members of their staffs, finds support in verbal considerations but fails to give effect to the intention which nevertheless appears from the Act with sufficient clearness.

The Hon. K. E. J. Bardolph—Would the honourable member just explain that?

The Hon. F. J. POTTER—Yes. This is what the court is saying in layman's language—that in determining whether a man is in an industry or not you look at what he does in relation to similar work another man is doing in private employment. It is only the man engaged in bare administrative services in the State Public Service who is not a possible subject for an award of the Commonwealth court. Therefore it is possible that surveyors, draftsmen, architects, printers, clerks in the Government Produce Department, shorthand writers and even solicitors in the Crown Law Office might find a way to the Commonwealth tribunals through some industrial or professional organization. Indeed, I am not so sure that teachers in the Education Department would not now find a way open to them in this year 1960, which was previously barred to them in 1929. This is not pure fantasy. This is something that has to be soberly faced. If these inroads can be made into State spheres of influence, it is unnecessary to debate questions such as whether or not the Commonwealth Parliament should be given additional powers under the Constitution. Why talk of opening front doors when the back door is already open? I should like to quote very briefly something that the late Chief Justice of the High Court said in the Uniform Tax Case. He said:—

Thus, if the Commonwealth Parliament were prepared to pass such legislation—that is legislation excluding the States from all tax

fields and making grants conditional upon the Commonwealth being satisfied with State policies—all State powers would be controlled by the Commonwealth—a result which would mean the end of political independence of the States. Such a result cannot be prevented by any legal decision. The determination of the propriety of any such policy must rest with the Commonwealth Parliament and ultimately with the people. The remedy . . . is to be found in the political arena, not in the courts.

Not long after that decision Professor Bailey, who is Solicitor-General for the Commonwealth, writing in a magazine said:—

The logic of the Uniform Tax Plan is that the States should ultimately move with a simplified political structure, into the position purely of administrative agents.

I remember that there was some talk at the time when the uniform taxation law was upheld that this was a nail in the coffin of State Parliaments. I do not think that the fears that were then expressed have come about, nor are they likely to occur at any time in the foreseeable future purely from the effect of uniform taxation, but this other question which I have been discussing, the usurpation of State authority through the operation of Commonwealth Arbitration Tribunals, is going on before our very eyes, and I would suggest that the day is not far distant when all the State Governments will come to demand that the Conciliation and Arbitration Act be amended, so that it will apply only to persons engaged in private industry; otherwise, as Professor Bailey says, our State Government will become a purely administrative agency. I have very much pleasure in seconding the motion for the adoption of the Address in Reply.

The Hon. F. J. CONDON secured the adjournment of the debate.

SESSIONAL COMMITTEES.

The House of Assembly notified its appointment of Sessional Committees.

ADJOURNMENT.

At 4.25 p.m. the Council adjourned until Wednesday, April 6, at 2.15 p.m.