LEGISLATIVE COUNCIL.

Tuesday, October 11, 1960.

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

QUESTIONS.

CONTROL OF RENTS.

The Hon. F. J. POTTER (on notice)—How many rental fixations pursuant to section 21 of the Landlord and Tenant (Control of Rents) Act have been made during the 12 months ended June 30, 1960, in respect of the following premises:—(*a*) houses; (*b*) flats; (*c*) shops with dwellings?

The Hon. Sir LYELL McEWIN—The Chairman of the Housing Trust reports:—(*a*) 622; (*b*) 53; (*c*) 17.

NEW INDUSTRIES.

The Hon. F. J. CONDON (on notice)—

1. What number of new industries has started operating in South Australia during the two years ended September 30, 1960?

2. What are the names of the industries concerned?

The Hon. C. D. ROWE—The Secretary for Labour and Industry reports:—

1. There are no statistics available in respect of the year 1960. However, as at December 31, 1959, there were 95 more factories in the areas in South Australia to which Part V of the Industrial Code and the Country Factories Act apply than there were as at December 31, 1957.

2. This information is not readily available. In any case it is not usual to divulge the name of any company or person in regard to such a matter without their approval. The information submitted by factory owners when registering their factories is given on the basis that the contents of such information will not be divulged except as part of general statistical information which does not identify any particular person or company. In fact, section 293 of the Industrial Code provides a penalty of two years' imprisonment if any inspector or officer divulges this information.

HIGHWAYS ACT AMENDMENT BILL.

Second reading.

The Hon. N. L. JUDE (Minister of Roads)—I move—

That this Bill be now read a second time.

The object of this Bill is to enable the proclamation of controlled-access roads and thus to enable the Government to establish freeways. Controlled-access roads, freeways, expressways or motorways, whichever term you use, are a common feature in the United Kingdom, United States, and all over Europe and throughout the world the demand for and use of such highways are increasing. So far as Australia is concerned, South Australia is the only mainland State without some form of legislation relating to the control of access to roads and although such roads may not be immediately necessary on any large scale in this State it is obvious that with the growth in our population and development we cannot lag behind progress which has been made elsewhere. I believe that the necessity for proper planning has long been apparent and it is therefore essential for permissive legislation to be enacted at the earliest opportunity.

Conventional types of roads and streets, in endeavouring to serve many functions, are found, with the growth in intensity and variety of traffic, to serve no single function effectively. Modern roads have to deal with transit vehicles, local traffic, parked vehicles, turning vehicles, trucks, buses, and pedestrians, and it is rarely possible for one busy thoroughfare to handle all of these types of traffic efficiently or even effectively. Controlled-access roads segregate the various functions and by so doing give maximum efficiency to road usage with a minimum of delays and accidents. Controlled-access has been described as the greatest single achievement in the history of highway planning and design.

Controlled-access highways mean the elimination of cross traffic which will go over or under the highway, while traffic entering the highway does so by merging unobtrusively with the traffic already on it. Another feature is that opposing traffic streams are generally separated by medians or other visible barriers which prevent head-on collisions. Local and low-speed traffic are usually required to use parallel service roads which minimize the number of points of possible collision and the turning manoeuvres carried out on the highways.

As metropolitan Adelaide increases in size there is an increasing demand for higher traffic capacity on the roads but this cannot be achieved unless use is made of engineering improvements which have been tried and found successful elsewhere. As I have said, the need for enabling legislation is already apparent. It is useless to plan for the future unless the planning authority knows in advance that it can take account of modern developments. Controlled-access roads affect planning in numerous ways. The erection of such roads must be related to land usage and zoning while the erection of interchange roads must be related to urban street systems and parking facilities.

Accordingly the Government is introducing the present Bill which inserts a new Part IIA into the Highways Act. That Part, which is enacted by clause 6, will consist of five new sections one of which, section 30b dealing with compensation I leave aside at this juncture. Section 30a, will empower the Governor by proclamation to declare a road, or any land acquired by the Commissioner of Highways, to be a controlled-access road. There is power to "decontrol" such a road or to alter proclamations from time to time. As soon as a controlled-access road has been declared the council of the district in which it is situated must be informed and the powers of the council in relation to construction and maintenance of the road are suspended and become vested in the Commissioner.

The effects of the proclamation of a controlled-access road are set out in the new sections 30a (4), 30c, 30d and 30e. Section 30a (4) provides that no means of access to or egress from the road can be made without the Commissioner's consent. Section 30c empowers the Commissioner to erect notices and mark lines or signs on any part of the road for the guidance of traffic and section 30d empowers him to erect and maintain barriers across any road to prevent access to or egress from a controlled access road. Section 30e makes the foregoing provisions effective by providing for offences in relation to controlled-access roads. Thus to enter or to leave a controlled-access road otherwise than at places provided is made an offence as is also the construction of any means of access or egress without the Commissioner's consent. Ancillary provisions cover the removal or damaging of barriers, signs or notices, the use of controlled-access roads for moving livestock and the improper use of traffic lanes.

Section 30b covers the question of compensation for landowners who are adversely affected by the proclamation of a controlled-access road near their property. Subclause (*a*) confers upon any person with an interest or estate in land abutting on a controlled-access road a right to compensation for any direct prejudice caused by restrictions on the use of his land resulting from the proclamation of the road. By subclause (*b*) the question of amount, if any, is to be determined by a court of competent jurisdiction. Subclause (*c*) sets out the principles on which the amount is to be calculated. Basically the compensation is to be the difference in market values before and after the controlled access road is proclaimed. But the court is to take into account any permissions to construct means of access to the road or any undertakings given by the Commissioner of Highways, and any benefit accruing to the land by reason of the construction of other roads upon adjacent land or any benefit resulting from the proclamation of the controlled-access road.

There could well be cases where benefits did accrue to a property by the proclamation of such a road. Furthermore, provision is made to avoid the payment of compensation for values which have become enhanced through accretions to the land or its separation from other land after the proclamation. Lastly, any claim for compensation must be made within 12 months. These provisions, based upon legislation in other States, are designed to provide for fair assessments. In the majority of cases it would be hoped that compensation could be agreed and the section empowers the Commissioner to enter into such agreements. But if agreement cannot be reached then the court is given a basis upon which to work—the matter would depend upon the circumstances and evidence adduced in each case. Finally, clauses 3 and 4 are of a consequential order, while clause 7 is consequential in the sense that it adds to the regulation making power powers to make regulations as to controlled-access roads. I especially commend this Bill for honourable members' consideration. Every week that this legislation is delayed must result in increasing costs of traffic facilities to the travelling public and taxpayers generally. These facilities must be in the public interest, and the sooner that permissive legislation is on the Statute Book to enable this work to be done the better it will be for all concerned. I therefore commend it earnestly for the consideration of honourable members.

The Hon. A. J. SHARD secured the adjournment of the debate.

COMPANIES ACT AMENDMENT BILL.

Second reading.

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

That this Bill be now read a second time.

This Bill seeks to control and regulate the methods whereby members of the public are invited to invest money in certain forms of investments that are at present not covered by the provisions of the Companies Act, 1934-1956. It is designed to afford protection to the small investor by ensuring that all invitations to subscribe for any such form of investments are accompanied by a full disclosure of the nature

and prospects of the investments and that the rights acquired through such investments are safeguarded as far as is practicable. Most members I think are aware that perhaps the major investments phenomenon of recent years has been the rapid growth in Australia of unit trusts and vending machine operations. At the outset I wish to make it clear that the Government feels that in many cases such investments are conducted by efficient organizations and are serving a useful purpose. There are, however, some features of that kind of investment that have invoked public criticism, and in order that the House may fully appreciate the technicalities of the provisions directed at those features, I shall deal in some detail with the general scope of unit trusts and vending machine schemes.

I use the expression "unit trust" to cover both fixed and flexible trusts. The former type relates to blocks of specified quantities of specified securities required by a trust deed to be retained for the duration of the trust. The managers of the trust, however, retain power in exceptional circumstances to eliminate unsatisfactory holdings, but are obliged to distribute the proceeds of those holdings to the investors. Flexible trusts were a later development under which the managers are given power to eliminate holdings at their discretion and to re-invest the proceeds within a defined field of securities, and in course of time the securities on which the trust was based are no longer a defined block, the managers having, though within a limited range, as much freedom as the directors of an investment trust company to vary the investments.

Both fixed and flexible trusts are usually started by the promoters (who become the managers) purchasing a block of Stock Exchange securities that are deposited with trustees to be held upon the terms of a trust deed. The public are then invited to purchase units or sub-units into which the block of securities is subdivided. In a fixed trust, the holder of a unit knows with certainty the exact investments that his unit represents, but in a fully flexible trust a unit holder cannot know exactly what securities he is interested in as these are constantly changing, partly through sales and re-investments and partly by investment in new securities of the proceeds of sale of new units. The rapid growth of unit trusts in Australia points to the existence of a demand by the investing public which the unit trust movement has supplied. This demand, however, could largely be attributed to favourable economic conditions and methods of advertisement and salesmanship which management companies have employed.

The main advantage that is claimed for a unit trust as a medium of investment is that it enables an investor with limited capital to purchase a beneficial interest in securities including, in particular, ordinary shares of companies quoted on the Stock Exchange while spreading his risks over a considerable number of different companies. A person of substantial means can do this by buying directly a selected range of ordinary shares, but the smallness of his capital may make it impracticable for the small investor to buy ordinary shares unless he confines himself to one or two companies; and if he does this he runs the risk that special misfortune may overtake the particular companies he selects. Besides, the majority of small investors know too little about investments to make a discriminating choice between different securities. It is claimed for the unit trust that it has devised expedients that in some degree meet the special disabilities of the small investor.

There are, however, many criticisms brought against the unit trust movement which cannot be overlooked from the point of view of the investor. The novelty of the movement and its freedom from many of the restraints and regulations which are imposed by law upon companies must inevitably render it susceptible to numerous dangers and anomalies. Much of the criticism levelled against unit trusts applies equally to vending machine operations. Both could well be criticized for the nature of the propaganda and advertising by which they make their appeal to the public. But perhaps the principal disadvantage attaching to a unit trust from an investor's point of view is that he has virtually no control over the manager of the trust and none of the protections afforded to other classes of investors by the Companies Act.

It may be argued that a relationship of trustee and beneficiary exists between the trustees appointed by the trust deed of a unit trust and the unit holders, but an examination of this relationship reveals that in many instances the real control of purchase, reinvestment and incidental dealings is vested in the promoters or managers who exercise all initiative and, generally, all voting powers arising out of the shares held. The relationship between the trustees and the unit holders therefore does not provide the unit holders with adequate protection, and it is by no means clear that the

managers would in fact be held to owe the duties of a trustee to the unit holders. The manager's role of principal who stands to gain or lose from the operation of the trust is difficult to reconcile with any fiduciary duties towards the investors.

Having regard to these and other considerations a departmental committee appointed by the English Board of Trade in 1936, in a most informative report which was published in the same year by His Majesty's Stationery Office, came to the conclusion that the unit trust movement was one which should be controlled though not prohibited.

The enactment of the Prevention of Fraud (Investments) Act, 1939, in England virtually forced unit trusts to satisfy certain standards before their schemes could become unit trust schemes authorized by the Board of Trade. To become authorized unit trust schemes they must satisfy the Board of Trade that the managers are a British company incorporated under the law of the United Kingdom, that the trustees are financially sound and independent of managers, and that the trust deed provides for the various matters specified in a schedule to the Act. Legislation enacted in Victoria in 1955 (now consolidated in section 63 of the Companies Act, 1958, of that State) and in Tasmania in 1958 gave effect to similar principles for the regulation not only of unit trusts but also of the other schemes to which I have referred. In April this year legislation modelled on the Victorian Act was enacted in New South Wales by the insertion of sections 173A to 173J in the Companies Act of that State. The legislation enacted in Victoria, Tasmania and New South Wales and the practical difficulties experienced in implementing it in those States have been examined by the Uniform Company Law Committee. That committee endorsed the principle, to which the legislation of those States has sought to give effect, of restricting to public companies the right to issue or offer to the public interests of the nature of those relating to unit trusts and vending machine and other schemes. The new Part IIIa proposed by clause 5 seeks *inter alia* to give effect to this principle which would have the effect of ensuring that the accounts of the companies concerned are available for inspection by the public. It is felt that this is not only desirable but essential when money is raised in this fashion from the public who are entitled to know how that money is utilized and the profits derived therefrom distributed.

Before I deal specifically with the clauses of this Bill, I think it is important that the Council should consider the operations connected with the other interests to which the Victorian and New South Wales legislation has extended the English provisions and which this Bill is designed to cover. The principal among these are the recent vending machine schemes which exploit a novel method of raising capital from the public.

I am sure that all members of this Council are aware of the need to exercise some form of control over the organizations carrying on this type of venture which, by the most extensive advertising and propaganda of its promoters, would make its strongest appeal to persons of small means. Some members have no doubt read the most stringent criticisms of this form of venture that have appeared from time to time in the Australian press; and there has been a growing public awareness of the urgent need for controlling legislation throughout Australia. I understand that it is the intention of the Governments of at least two other States to introduce similar legislation this year.

From an examination of the various schemes promoted by vending machine companies in Australia it appears that, though there are minor variations in each of the schemes, their salient features are similar. The general scheme involves an invitation by the promoting company to the public to buy automatic coin-operated machines that dispense cigarettes, confectionery, drinks, paper tissues, and other commodities, and the investor becomes the owner of the machine which generally is leased back to the company or to another organization that is affiliated with it. The company "guarantees" to pay an annual return, currently advertised at from 12½ per cent to 20 per cent of the capital value of the machine to the investor. It has been suggested that the machines are manufactured by companies associated with the promoters and that the manufactured cost of the machines is considerably less than one-third of the price at which they are sold to the investor. The company, in its absolute discretion, sites the machines, replenishes, repairs, maintains and operates them, and undertakes to repurchase the machines at the end of a period—usually five years—at the original price. The return paid to the investor is said to be derived not from the earnings of the particular machine of which he is the owner, but out of the profit from the earnings of all the machines established and serviced by the promoters. A

sum equal to the guaranteed annual return payable to the investor is said to be deposited at the commencement of each year in a fund administered by trustees.

It has been suggested that though the first year's return is assured by reason of its being deducted from the price paid by the investor for the machine—in other words, the investor's own funds used for purchasing the machine—the ability to meet interest payments in subsequent years will depend on the market for the commodities dispensed by all the machines of the promoters. Although the advertisements published by these companies guarantee a return of 12½ to 20 per cent to the investor, that percentage of the amount with which he purchased the machine is set aside to satisfy that obligation at the end of the first 12 months. From there on one can only speculate on the prospects of continuing those payments out of the income from the machines. While it may be conceded that a few of these machines in picked sites could show satisfactory sales it must be remembered that such sites are not easy to procure and if a number of machines are placed in a selected area it must follow that the average sales by those machines must fall and consequently the profits from such machines could drop below an economic level. The Government feels that these considerations should be sufficient to convince members that this type of enterprise should be closed to all but public companies whose accounts are available for inspection in a public office.

I will now deal specifically with the principal features of the Bill which are contained in clauses 5, 6 and 7. Clause 5 inserts in the principal Act a new Part IIIA entitled "Interests other than shares, debentures, etc." and contains sections numbered 114a to 114o. Section 114a contains the definitions appropriate to the Part. The definition of "company" has been included for the purposes of section 114f and I shall deal specifically with that definition in my discussion of that section.

I would like to draw special attention to the definition of "interest" which is the expression used to cover the interests, the issue and offer of which the new Part seeks to control. The Victorian legislation of 1955, to which I referred earlier, applied to "all rights or interests, whether enforceable or not and whether actual prospective or contingent, to participate in any profits assets or realization of any financial or business undertaking or scheme" and excluded shares in and debentures of companies wherever incorporated. In April this year the Statute Law Revision Committee appointed pursuant to the Constitution Act Amendment Act, 1958, of Victoria reported that vending machine companies do not come within the scope of the Victorian legislation in that "an investor in a vending machine scheme is merely entitled to a fixed percentage of his investment in his capacity as owner of the machine, and has in law no interest in the scheme or the actual operation of the machine".

Having regard to these considerations and to the objects of that legislation that committee recommended the adoption of the definitions of "interest" and "investment contract" which are incorporated in this Bill with such modifications as have been considered necessary to make them consistent with the principal Act. This recommendation has also been adopted in the legislation passed in New South Wales earlier this year. Members will note the five classes of exclusions written into the definition including the additional safeguard that a right or interest may be declared by proclamation to be an exempted right or interest. This will permit of the general application of the provisions being waived as regards any schemes that may come into existence of a character similar to but not caught up by those already excluded. The definition of an "investment contract" is complementary to that of an "interest" and had been suggested by the Victorian Statute Law Revision Committee in order to bring the vending machine type of transaction under control.

The definition of "marketable securities" has been included in order to draw a distinction between schemes of the unit trust variety and other schemes that might be described as the vending machine variety. Such a distinction becomes significant in the application of the provisions of the new section 114g under which the matters and reports to be set out in the statement mentioned in that section will be prescribed with special reference to interests consisting of rights in marketable securities, which clearly come within unit trust schemes, and interests which do not consist of such rights.

The definition of "proclaimed State" is inserted for the purpose of extending the right of issuing or offering interests to foreign companies that are public companies under the law of a reciprocating State. The definition is complementary to that of "company" and has special reference to the new section 114f. In order to explain the full significance of the new sections 114b to 114e, I shall first invite

attention to new section 114h (1) which provides that at the time an interest is issued or offered to the public there must be in force in relation to the interest a deed that is an approved deed. Section 114b defines an approved deed. Two elements are necessary to constitute an approved deed. There must first be the Registrar's approval of the deed which may be granted under section 114c, and secondly there must be an approval for the trustee appointed under the deed acting as such granted either by the Attorney-General under section 114d (1) or by the Registrar under subsection (2) of that section. Section 114c (2) also provides that the Registrar shall not grant approval to a deed unless the deed contains certain basic covenants referred to in section 114e and other matters and things to be prescribed by regulation, or unless the deed has been approved under a corresponding law of a proclaimed State.

In order that uniformity of company law and practice might be achieved throughout Australia, the State and the Commonwealth are in favour of the principle that the requirements with respect to deeds should be uniform throughout the States and Territories of the Commonwealth that have uniform company legislation and that all discretions exercisable under these provisions should be exercised in substantially the same manner in all those States and Territories. Accordingly it is felt that a company that is a public company in one reciprocating State may be permitted to issue or offer interests in another reciprocating State if there is in existence in relation to that interest an approved deed under the law of the State where the company was incorporated. This means that a deed approved in the one State will receive approval automatically in the other State, and there would be constant liaison between Ministers and Registrars of each reciprocating State and Commonwealth Territory, which is most desirable.

Section 114d (3) gives the Attorney-General power in certain cases to revoke an approval relating to a trustee and such revocation will have the effect of rendering the deed ineffective as an approved deed and no further interest could be issued or offered to the public thereunder. Section 114e, as I have said before, sets out the basic covenants a deed is required to contain to qualify for approval by the Registrar under section 114c. Section 114f provides that no person except a company or a duly authorized agent of a company shall issue, or offer to the public for subscription or purchase, any interest. In this connection I would invite attention to the definitions of "company" and "proclaimed State" in section 114a (1). It is intended that any State or Territory where reciprocal legislation is in force will be declared by proclamation to be a proclaimed State and, as I have already mentioned, a public company incorporated in a proclaimed State will be entitled to issue or offer interests in this State, subject to the existence of an approved deed. Under section 114g (1) a company would be required, before issuing or offering any interest, to issue a statement that must contain the information referred to in subsection (2) of that section. The section also has the effect of equating offers or invitations for subscription or purchase of interests to offers or invitations for subscription or purchase of shares by applying the provisions relating to prospectuses to the statutory statement. In regard to the information to be set out in the statement, a distinction is drawn in subsection (2) between the information to be supplied by a unit trust which is provided for in paragraph (*a*) and other schemes provided for in paragraph (*b*) of that subsection. Here again I should mention that the matters and reports to be specially prescribed under paragraphs (*a*) and (*b*) are intended to be uniform throughout the States and Territories that have uniform legislation.

Section 114h (1) as I have stated earlier, prohibits the issue or offer of an interest unless there is in force in relation to the interest a deed that is an approved deed. I have already drawn attention to the elements that constitute an approved deed. Subsection (2) of that section provides that where an approved deed or any document referring to an approved deed contains a statement that the deed has been approved by the Registrar the deed or document must contain a further statement that the Registrar takes no responsibility for the contents of the deed. The object of this provision is to prevent promoters using official approval of a deed as a means of attracting investors. Section 114i (1) affords an opportunity to corporations that have, prior to the Bill becoming law, issued interests in respect of which there is no approved deed in force to apply for approval of a deed in relation to those interests. If they do not apply for such approval within the prescribed period or, having so applied, such approval was refused, they must notify the interest holders of the fact. This section will not affect the validity of any existing

contracts, but is intended to make interest holders who are not protected by a deed containing the basic covenants required under this Part aware of the fact. Subsection (2) of this section confers on the Attorney-General power to modify the application of subsection (1) or to exempt any corporation from complying with its provisions. Subsection (3) provides that the section does not authorize approval being granted to a deed relating to an interest issued by a corporation that is not a public company incorporated in this State or a reciprocating State.

Section 114j (1) requires a company that comes within its provisions to lodge with the Registrar a statutory return and copies of the lists and statements referred to in subsection (2) and to post to every interest holder copies of specified documents containing information affecting the interests of those holders. Subsection (2) specifies the documents required to accompany any balance-sheet posted to an interest holder under subsection (1). It will be noted that the information to be supplied in those documents is to include material affecting such holders. Section 114k provides that a person is not relieved from any liability to an interest holder by reason of any contravention of any provisions of this Part. Section 114l prescribes a penalty of £500 or 12 months' imprisonment for a breach of any provision of the Part. Section 114m provides that the Part does not apply in the case of the sale of an interest by a personal representative or in bankruptcy in the ordinary course of realization of assets. Section 114n preserves the liability of trustees for a breach of trust subject to the provisions of subsection (2) of that section. Section 114o merely means that the Part is intended to be supplementary to the other provisions of the principal Act.

Clause 6 of the Bill inserts two new subsections (1a) and (1b) in section 158a of the principal Act. Subsection (1a) empowers the Governor, on the Attorney-General's recommendation, to appoint an inspector to investigate the affairs of a company which, whether before or after the Bill becomes law, issued any interest as defined in section 114a. Subsection (1b) precludes the Attorney-General from making the recommendation to the Governor unless the Commissioner of Police or the Registrar has made a report which suggests that the activities of the company or its directors or officers are questionable, or that an investigation into the affairs of the company is necessary or expedient for the protection of holders or prospective holders of interests. This provision is inserted as an additional protection for interest holders and would also protect existing holders who have purchased interests with respect to which there is no approved deed.

I regret that it has been necessary to deal with this Bill at such length but it is important that every member should appreciate the technicalities and difficulties that are involved in framing legislation of this nature. I would like to make it quite clear that this Bill, as is the case with the corresponding legislation enacted and to be enacted in the other States, is not aimed at the reputable unit trust companies. I am in fact reliably informed that representatives of certain unit trust organizations in the eastern States have indicated that the legislation enacted in New South Wales and which is substantially adopted in this measure is an improvement on the original legislation enacted in Victoria, so far as it affects the operations of those companies. The Uniform Company Law Committee which has recommended the adoption of this legislation by all States has received considerable assistance from the reputable companies operating in this field. It cannot be too strongly emphasized, however, that even if all the recommendations made by experts on the subject are adopted, they will not supply a complete safeguard against the possibility of mismanagement or the making of illegitimate profits at the expense of investors. Much must necessarily depend on the standards of conduct observed by the promoters and managers of these schemes.

When the Uniform Company Law Committee has concluded its work next year the Government hopes to be able to introduce a comprehensive Companies Bill that will be in line with the decisions arrived at in conference by all the States and the Commonwealth. I am confident that arising from these interstate conferences uniform company legislation will be enacted throughout Australia and it is possible that some of the provisions that are included in this Bill will be modified by the later legislation, and in any event members will have an opportunity of reviewing these provisions when the comprehensive Companies Bill is introduced. I hope this Bill will receive the support of all members of this House.

The Hon. K. E. J. BARDOLPH secured the adjournment of the debate.

TOWN PLANNING ACT AMENDMENT BILL.

Adjourned debate on second reading.

(Continued from October 5. Page 1153.)

The Hon. K. E. J. BARDOLPH (Central No. 1)—I support the second reading of this Bill, the amendment of which is similar in one respect to amendments we have too often had before the Council. I refer to amending legislation being brought before this Council in a hasty manner. The original Town Planning Act was passed in 1949 and in 1957 this Council and another place were asked to amend it. A Parliamentary Select Committee was subsequently appointed following on amendments in connection with subdivisions submitted to the town planning authorities, and particularly concerning Skye Estate Limited. That was further evidence of the hasty manner in which this Government attempted to amend existing legislation.

Members may remember that before the Select Committee was able to conclude its deliberations an application was made to the Supreme Court for the issue of an injunction. Mr. Chamberlain, the then Crown Solicitor, suggested in an opinion:—

That at the request of Skye Estate Limited, through its solicitors, and in view of the fact that the next proposed witness, Mr. Knox, a representative of the company, does not desire to proceed with his evidence at this stage, further consideration of this matter be adjourned to a day to be fixed.

The Hon. Sir Arthur Rymill and I represented this Council on the committee and the other House was represented by Messrs. Fred Walsh and J. E. Stephens. Much evidence was adduced before the committee by the Town Planner (Mr. Hart), for whom I have the greatest respect both for his ability and for his integrity. Mr. Hart carries out an unenviable task, particularly in view of the sketchy legislation under which he acts. I suggest that Parliament should never interfere unduly with the rights and privileges of citizens, and it must be careful when considering amending legislation to create an authoritarian office such as his. The Parliamentary Select Committee was constituted because of the issue involved in the legislation.

The Hon. C. R. Story—The honourable member has not mentioned union representatives.

The Hon. K. E. J. BARDOLPH—I was coming to that, and perhaps representatives of the fruitgrowers, particularly of the co-operative fruitgrowers, should be mentioned, though they are sometimes unco-operative on committees. The Building Act also comes into the question of town planning and the Local Government Act is involved in zoning. The Lands Titles Office is also involved because it deals with the deposit of subdivisional plans. Further, a certificate has to be obtained from the Engineer-in-Chief before a subdivision may be passed. In view of all these facts a Parliamentary committee should be set up to draft legislation that will function successfully in the interests of all sections of the community. If that were done we would not have the problem of amendments passed in this Council creating legislation that conflicts with other legislation.

This is mainly a Committee Bill. The major amendment proposed provides for the appointment of an Acting Town Planner when the Town Planner is absent from his office on leave. Another major amendment relieves the Town Planner of the duty of being chairman of the Appeals Committee. At present the Town Planner is the chairman of the Appeals Committee, and this results in an appeal from Caesar to Caesar. The amendments propose that a legal practitioner of seven years' standing shall be chairman of the Appeals Committee and that there shall be four other members nominated by the Governor-in-Council. That is a good amendment because although the Town Planner is required to make decisions it will relieve him of the duty of adjudicating upon appeals. Moreover, he will have the right to appear before the committee to justify any decision made by him on a subdivision.

Whenever this Government finds itself in a quandary it resorts to legal opinion, and that was evident in the Skye subdivision case. In order to avoid any difficulty arising in the future, members should consider appointing a Select Committee, as I have suggested. The Town Planner is engaged on a large-scale regional plan for the urban areas, and that will take one or two years to complete. That involves the future town planning of the city of Adelaide and the urban areas and I believe it would be advisable for the Government to set up a committee for the purpose of investigating a Greater Adelaide Scheme.

The Hon. C. R. Story—Are the members of all these committees to be paid?

The Hon. K. E. J. BARDOLPH—All the committees on which the honourable member

acts are paid. It is most amusing to me that although he has just returned from a country where the system of Parliamentary government has been introduced he has not, apparently, given the people there much advice. Many committees functioning today do not desire payment and the members of several committees of this Parliament do not receive payment. Members do not desire payment when their duties are performed for the welfare of the State. The member for Midland is always thinking of money and wishes to become safely ensconsed in some position that is paid. I hope that any committee set up under this legislation will work in the interests of the State and not in the interests of the individual.

The compilation of a regional plan by Mr. Hart is fraught with difficulties and the Town Planner has my sympathy because he commenced that work soon after arriving from England when he did not know all the cross currents and the legislation he had to contend with. My suggestion should be adopted to make his job easier and to place South Australia on a better basis regarding town planning. I shall probably have something to say about the various clauses of the Bill when it is in Committee.

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

PREVENTION OF CRUELTY TO ANIMALS ACT AMENDMENT BILL.

Adjourned debate on second reading.

(Continued from October 5. Page 1154.)

The Hon. L. H. DENSLEY (Southern)—This Bill provides for increased penalties. One penalty is altered from £25 to £50 and another amendment increases a penalty from £5 to £10. Two amendments only have been made to this Act in about 30 years. One related to the shooting of captive birds and the other laid down that people convicted of continued wanton cruelty would be prohibited from keeping animals of any description.

New section 5b provides a penalty for keeping birds in small cages, but it is difficult to say how small a cage may lawfully be. We may all agree that when a bird is accustomed to being caged it experiences no undue discomfort. I understand that the amendments contemplated are from the Royal Society for the Prevention of Cruelty to Animals and that society, in common with other organizations, has done much good work in South Australia. So long as all these societies retain an outlook for educational and organizational betterment and do not concern themselves with punitive powers, they can do a great work. I have always been opposed to their having punitive powers. We have seen inspectors responsible for much greater cruelty to human beings than is envisaged in some of the smaller amendments in the Bill. I shall not weary honourable members by giving instances, but I have seen things happen at the instigation of these inspectors which none of us would like to see happen again. I think that the fact that these inspectors have punitive powers operates to the detriment of the work that these societies do. I suppose that the proposed new section 5b is the main part of the Bill. It relates to the keeping of birds in such a confined space that they are precluded from using their wings, but it is questionable whether we can fix a limit. It has been suggested that if a bird is in a show or is being transported it does not come within this new section. I contend that it is just as cruel to a bird that has had its liberty for a long time and has not known confinement to be confined for 72 hours, as the Bill states, as it is for birds that have grown up in confinement and have become used to it and do not suffer any disadvantage in being confined. I think that action in these cases could easily be taken on reports from police officials.

There has been much discussion about keeping dogs on chains. I consider that, as is provided in the Registration of Dogs Act, the right place for a dog is on a chain or in suitable accommodation. I am sure that many dogs, if given the liberty suggested by some honourable members, would suffer more cruelty and cause more harm than if they were kept on a chain and given reasonable exercise, as is provided for in the Act. Dogs that have not been tied up have been known to harm children and to kill or maim sheep, and this does not make me sympathetic to the attitude that dogs should not be tied up. It has always been my experience that if a person is working sheep with a dog the most efficient way to manage the dog is to have it confined or tied up when not working. We should be careful in considering what is cruelty and what is not cruelty. Only recently some dogs attacked a flock of nearly 250 sheep in the South-East which were being used for experimental purposes. They killed or maimed almost half the number. Many of those that had been maimed had to be

killed. I think honourable members would agree that far less cruelty would have been involved if these dogs had been kept chained up and were allowed reasonable exercise once or twice a day.

I once had an experience with a kangaroo, and I quote this case to indicate that animals do become accustomed to being shut up. When young the kangaroo was fed on the bottle and shut in the fowl yard, but when it grew strong and it became desirable to give it its liberty it became a nuisance; in fact, it refused its liberty. No matter how often it was turned out into the pasture or the scrub with other animals it always returned and wanted to get back into the fowl yard. Often it is a matter of usage rather than a matter of cruelty in confining some animals. My reason for speaking on the Bill was largely to criticize, as I have done before, the abuse of power that has been perpetrated by inspectors under the Act, inspectors who are not under the control of some representative of the public in carrying out their duties. I consider that the clause relating to the confinement of birds for show purposes should be amended, though I support the second reading.

The Hon. C. R. STORY secured the adjournment of the debate.

MARGARINE ACT AMENDMENT BILL.

Adjourned debate on second reading.

(Continued from October 5. Page 1151.)

The Hon. E. H. EDMONDS (Northern)—In seeking the adjournment of the debate my desire was not to prolong it, but to seek further information and to dissect the points already put forward by other honourable members. I listened with interest to the Hon. Mr. Condon and it seemed to me that he depended largely upon the fact that it had become a precedent for Parliament to increase the quota for the production and sale of margarine in accordance with the increase in population. I certainly think that that point has been established. The Hon. Mr. Bevan also gave some interesting information and quoted statistics on the subject and he, too, gave a favourable report for an increase in the quota. The Hon. Mr. Giles also submitted some interesting information, but it seemed to me from the debate on the Bill that the subject was being treated somewhat in the abstract and without getting down to concrete facts or the salient points of the arguments for and against. Therefore, I set out what I thought were the main points and followed my inquiry along that line. I think that the primary question is whether the manufacture and sale of margarine in this State is detrimental or a serious menace to our dairying industry. In common with many of our other primary industries, dairying has passed through some bad patches in latter years and therefore it is necessary that we should be careful that we do nothing in any legislation that may be further detrimental to it. I have not been able to find very much authentic information in this regard.

I recollect that during last week there was tabled in the Council the annual report of the Dairy Produce Board which I hoped would clear this point up and give some information as to what effect margarine was having on dairy production, but to my surprise there was no mention of it. Justifiably, one would have thought that the board would surely have something to say about margarine production if it were a menace to the dairy industry. Then I followed my inquiries on the line of getting the opinion of consumers and distributors. I have found that the supply was not equal to the demand, and this particularly from inquiries I made and from other information given to me, particularly as it affected the position in our larger industrial towns. On the face of it, that seemed to me to be a case for an increase in the quota. As a matter of fact, from the point of view of supply and demand, the increased demand was in excess of the quota available and I found that this additional quantity was being supplied by imports from the other States. That is to say, no matter what the quota may be here, anything in addition required to meet the demand comes from the other States. To me, that seems to be most unfair to those engaged in South Australia in the production and distribution of margarine. They are prevented from extending operations through a larger output and they are put to some inconvenience and suffer disorganization in regard to their employees because there is no continuity of manufacture. Not to increase the quota in this State while at the same time, as I understand it, unlimited supplies are obtained from other States is not meeting the position. It would be far better to increase the South Australian quota and meet the demand in that way.

It has been put forward that the manufacture and sale of margarine in this State is affecting the dairying industry and our butter supplies. In the report of the Dairy Produce Board it was stated that South Australia

manufactured about 3,000 tons less of factory butter last financial year than in 1946-47. The report said that the 1959-60 figure was 6,194 tons compared with 9,242 tons in 1946-47. As I mentioned earlier, one would have thought that some information would be given to account for that drop in production. Through the years when fantastic prices were being received for wool, many dairy farmers sold their herds and undertook stock breeding and wool production. I suggest that much of the decrease mentioned is accounted for in this way. In the absence of authentic information to show that it was caused by the sale of margarine one can only conclude that other factors come into it. We are dealing with matters in the abstract and guessing at this and at that, and therefore, with the limited opportunities available to get authentic information, I feel that a case has been made out for an increase in the margarine quota, and I support the Bill.

The Hon. Sir LYELL McEWIN (Chief Secretary)—It was suggested previously that a Government representative should make a statement on this Bill. That is why I take this opportunity to present some information from the Government's point of view. The Government has a responsibility to other State Governments and to the dairy industry. Some figures have already been quoted in this debate, but I do not regard them as of serious import. Figures can be made to produce various results. There was an increase in the South Australian quota in 1956 to 528 tons a year of table margarine. That does not mean the maximum consumption of margarine, because a large quantity of high grade cooking margarine is sold. Since that time there has been a change throughout Australia in the outlook on margarine. One of the points I made previously was that increases in the quota are fixed by the Agricultural Council, which consists of the Commonwealth Minister and Ministers of the various State Governments. I have been told that several States did increase the quota, and that is true. It was done in one case because while the Minister was absent overseas things got out of hand. Since that time there has been further consideration of the matter by the Agricultural Council and all States agreed to adhere to the existing quota until the time arrived for an increase that would not be detrimental to the dairy industry. That has been the position ever since the increase in 1956. The Government feels in honour bound, even if there were a good argument in favour of the Bill, to observe the decision of the various State Governments until the matter is again considered by the Agricultural Council.

The Hon. Sir Arthur Rymill—When was the agreement made?

The Hon. Sir LYELL McEWIN—The Agricultural Council meets annually.

The Hon. F. J. Condon—Why was there an increase in sales to 5,000 tons since then?

The Hon. Sir LYELL McEWIN—I do not know what that means. If it is anything like the 19,000 tons the honourable member quoted it shows that he knows nothing about the matter. The total is not 19,000 but 16,000 tons. The approved quota is 16,072 tons. That was the figure in 1956, and it has remained fairly constant up to the present.

The Hon. F. J. Condon—It was 11,000 tons in 1956. That is mentioned in Commonwealth *Hansard.*

The Hon. Sir LYELL McEWIN—I do not know where the honourable member got his 19,000 tons. I have the official figures and the position has not changed since 1956. All States agreed not to vary the quota without first consulting the Agricultural Council. The only Governments that have broken away from the agreement are Governments of the same political complexion as the honourable member. It has never been the policy of the South Australian Government to break away from agreements made with other States.

The Hon. F. J. Condon—Why introduce politics into a discussion on a private member's Bill?

The Hon. Sir LYELL McEWIN—The honourable member has been introducing politics lately. If he wants politics I will entertain him on that matter, but perhaps that could wait for a few minutes while I deal with something associated with the Bill.

The Hon. E. H. Edmonds—Does the Agricultural Council submit a report about its meetings?

The Hon. Sir LYELL McEWIN—I daresay the minutes of the meetings are available. I have no reason to doubt the information I have been given by our Minister of Agriculture and the Director of Agriculture.

The Hon. K. E. J. Bardolph—The Government has to yield to outside pressure.

The Hon. Sir LYELL McEWIN—The honourable member will get pressure directly. Figures were produced to try to show that the increase of 268 tons mentioned in the Bill was justified. That would be an increase of about 50 per cent, but on a population basis today the increase should be 22 tons.

The Hon. K. E. J. Bardolph—From what economist did you get this information?

The Hon. Sir LYELL McEWIN—I will give members opposite the benefit of the 792 tons. I have taken some trouble to look into this matter because some members have mentioned pensioners. If we take the 792 tons and reduce it to pounds we get a figure of 2 lb. a year spread over the total population of the State. I have been more generous than the honourable member who introduced the Bill because he talked about 1 lb. of margarine for each pensioner, but that has no significance whatsoever. I will give it a little more significance and allow for 10 per cent of the State's population being pensioners and give them all the 792 tons. That would work out at about 20 lb. of margarine a year for each pensioner. If we allow a differential of two shillings a pound on those 20 lb. we get a figure of 9d. a week. In arriving at this figure, we are allowing for 10 times the quantity generally used.

The Hon. S. C. Bevan—Do you say the pensioner should be deprived of that?

The Hon. Sir LYELL McEWIN—I will say more than that for the benefit of the honourable member. Apparently he is worried about subsidies. We have heard a lot about the subsidy of £13,000,000. Does the honourable member advocate the removal of the subsidy paid in relation to shipbuilding at Whyalla?

The Hon. S. C. Bevan—I did not advocate the removal of the subsidy in this matter.

The Hon. Sir LYELL McEWIN—If the honourable member wants decentralization of industry, let us be consistent.

The Hon. S. C. Bevan—Yes, let us be consistent. Why isn't the Government consistent?

The Hon. Sir LYELL McEWIN—Let the honourable member move for the removal of the cost of production price in the wheat industry.

The Hon. F. J. Condon—We would not do that.

The Hon. Sir LYELL McEWIN—What are Opposition members doing now? They are talking with their tongues in their cheeks about decentralization of industry. Parliament has appointed a paid committee to look into that matter. It is said that too many people are leaving the country areas, but now we have a move that will prejudice an industry which employs more people to the acre than any other agricultural industry. Where is the consistency of members opposite? Is the present move for the benefit of employment? The passing of this Bill would not mean the employment of one additional hand in the production of margarine. Honourable members say the dairy industry is in difficulties. Other members in this place have tried to ascertain the true position of the industry. A Commonwealth committee has reported on its activities and the report is now in the hands of the Commonwealth Minister. Before we consider whether the dairy industry needs further assistance we should await the report and ascertain what the committee says about the matter. The report is not yet available to the South Australian Government. I need some reliable information on which to base an opinion regarding the need for this Bill. I have referred to decentralization of industry. South Australia has settled a number of returned soldiers on the land. Is it desired to take away their means of existence? There is no move by Opposition members regarding the lowering of tariffs in the hope that settlers on the land will be able to get machinery to produce at lower costs. Members opposite are not so vociferous now as they were a short time ago.

The Hon. F. J. Condon—We might be later on.

The Hon. Sir LYELL McEWIN—We shall be pleased to hear from the honourable member as to why he can justify an attack on an industry, which attack could result in people leaving the country, when at the same time he suggests that more people should go to the country. He cannot have it both ways, neither can it be said that the price of a pound of butter, with 7½d. subsidy paid on it, reflects any disability on wage earners or on the rest of the community, because butter, not margarine, is the item taken into consideration in establishing the cost of living. If it is fair to establish a condition in one industry let us be consistent and apply it to all industries. However, I do not wish to argue the matter except to say that a report is being prepared, which will be of assistance in deciding whether or not to increase the quota. The increased manufacture of margarine would decrease the sale of butter on the local market, which is the most favourable market, and as the present difference in price between the home and export markets is approximately £200 per ton, the displacement of 1,000 tons of butter from the home market represents a loss of £200,000 to the dairy industry and lower returns to the dairy farmer. The Commonwealth bounty is paid on local consumption, and on 20 per cent of the amount exported. That means there is a 20 per cent bounty paid on the amount

exported as compared with the whole of the local consumption. In view of the pending report of the dairy committee, which heard considerable evidence on the margarine industry, I ask the House to oppose the measure.

The Hon. JESSIE COOPER (Central No. 2)—I rise to support the Bill. With all due deference to the various arguments including those of the Government's which I was glad to hear, I am against the present severe restriction on the quota of margarine for two main reasons. It restricts industry for no reason which has been so far satisfactorily explained, and secondly, in order to bolster an uneconomic industry, it restricts the right of the individual to purchase a commodity of his own choice. During the extremely interesting debate on this Bill I have found enlightenment on a number of things. Firstly, I have discovered how to pronounce the word "margarine". I have the authority of the *Oxford Dictionary* for using the hard "g", although for years I used the soft "g". Secondly, I have learnt that many small dairy farmers are struggling at the bottom of the economic level to produce an article which is being exported to markets 10,000 or more miles away and selling there at a fraction of its production cost. In order to perpetuate this farce the Australian people are being asked to pay a subsidy of over £13,500,000. However one looks at it, this is an economic disaster. Whilst realizing that export markets are important to Australia, one must at the same time wonder whether we do not pay too dearly for some of them, but that is another matter. If these small dairy farmers could, as we have been told, make more money in some other field why not urge them to do so and leave the production of butter for Australian markets to the bigger dairy farmer?

The Hon. L. H. Densley—You cannot find any more fields, that is the trouble.

The Hon. JESSIE COOPER—In this, as in all production these days unfortunately, one can be too small for one's own good and the good of the community. It is recognized that in Australia generally and in South Australia in particular, we have too many dairy farms which are too small in size on country that is too poor for the purpose, producing much below world standards. Perhaps we should examine the dairy industry from this point of view rather than the annihilation of all fair competition. I expected to be getting more criticism from honourable members and cannot understand the silence. I realize that India is not the only country that has its sacred cows. Thirdly, I have learnt from research that the apparent consumption of butter in Australia in 1957-58, the last figures I could get, was 121,000 tons whereas for the same period the apparent consumption of table margarine was only 15,700 tons, which was approximately 13 per cent of the butter consumption. We have been given the quotas of margarine for all States of Australia and I am most gratified to find my total of 16,072 tons agrees with that of the Chief Secretary. However, on a population basis South Australia should be allowed just under 1,600 tons, whereas it is only 528 tons, which is approximately one-third of the Australian average. Although pensioners face economic difficulties there is another group of people who buy margarine for economic reasons, that is the mothers of large families. The mother of the family with three or four school going children is hard put to devise methods of spending the family income wisely, and she is unable to use butter for baking at 4s. 11d. a pound. I have made countless inquiries in the last two months and ascertained that many mothers of families make cake and biscuits from table margarine when supplies are available. Not many use cooking margarine, which is unpoular.

The Hon. G. O'H. Giles—Have you asked wives of dairy farmers?

The Hon. JESSIE COOPER—I have, and I have had a report from as far away as Queensland that the wives of dairy farmers buy this product. Why should mothers of large families be penalized? We should use every endeavour to help them. There is also another section of the community which has to be considered, that is the men and women who by reason of increasing years can no longer digest animal fats. I refer not to those previously mentioned who by vanity have to count zealously their calories, but to those suffering from diseases of the gall bladder and allied illnesses. There have been indications also that there is a connection between the consumption of animal fats and heart trouble. Why deprive any group of people of margarine who rely on it as a necessary substitute for butter? For the reasons I have given, I find that I must support this Bill.

The Hon. F. J. POTTER (Central No. 2)—My interest has been aroused by the comments that have been made by honourable members, and during the week-end I saw an interesting report on this matter to which I shall refer. We have heard a lot in this debate about margarine

as a direct competitor with dairy products and why its production should be strictly regulated. We have heard a great deal about the effect upon the dairying industry of any increase in the margarine quota in this State. If we consider some of the matters the Hon. Mrs. Cooper referred to we really consider the relative efficiency of the dairy industry as a whole. I do not profess to know much about the dairying industry or about the method of production of milk, butter and cheese, but I do know, as a taxpayer, that the dairying industry gets a tremendous amount of protection and it gets it in a way that no other rural or secondary industry gets protection. It gets it in various ways. Firstly, it receives from the taxpayer out of the coffers of the Commonwealth Government a direct subsidy. Secondly, it gets from the Australian consumer a price which is in excess of world prices and it gets this because it has tariff protection and import control.

The Hon. A. J. Melrose—That applies to many other things besides butter.

The Hon. F. J. POTTER—I agree, but the industry also gets protection because its immediate competitor, margarine, has a quota imposed on its production. No other rural industry—though I am open to correction on this point—enjoys protection to the same extent and in the same way.

The Hon. Sir Lyell McEwin—What about the sugar industry?

The Hon. F. J. POTTER—That industry has no competitor on a quota. Mrs. Cooper made a good point about the high cost of butter for large families. That leads me so say that charging a price to the Australian consumer which is higher than the world price is just as important as a matter of protection to the dairyman and just as important to the bread winner as the fact that the latter, as a taxpayer, is paying a direct subsidy. This is particularly so where large families are involved and it is also true where pensioners and other people on low incomes are concerned. It is important to them how much they pay for butter. New Zealand subsidizes butter in order to market it on the home market below the world price, but we do not find that happening in Australia.

The dairying industry has some difficulties, but I agree with Mrs. Cooper's views on whether this industry is not being given far too much protection and whether, as a plain economic fact, we should be assisting it to the extent we are, because we could of course import butter from New Zealand at a price far below what we are paying for it here. A great deal has been said by the Minister about waiting on the report that is coming from the Dairy Industry Inquiry Committee, but that report is not available yet.

The Hon. N. L. Jude—How much does butter cost in New Zealand?

The Hon. F. J. POTTER—I have some figures here which may give that, but I have not looked it up.

The Hon. C. D. Rowe—The honourable member said just now that it could be bought more cheaply there.

The Hon. F. J. POTTER—Yes. The Dairying Industry Committee of Inquiry asked two eminent economists, the Professors of Economics at the Universities of Melbourne and Adelaide, to go into this question of protection to the Australian dairying industry and submit a report to the committee. The report makes interesting reading. It is printed in the *Economic Record* of August, 1960, and discloses some startling information. Some interesting statistics on the returns to manufacturers of butter and cheese are printed on page 358 of the report and, as great interest has been aroused in this matter, I ask permission to have that table incorporated in *Hansard* without my reading it.

Leave granted.

Butter and Cheese—Returns to Manufacturers.

	Value of production at export parity realizations. £Am.	Home price in excess of export parity. £Am.	Subsidy. £Am.	Total protection. £Am.	Total receipts of producers. £Am.	Protection as per cent of total receipts. Per cent.	Protection as per cent of export parity value. Per cent.
1952-53	73.1	2.7	15.3	18.0	91.1	19.8	24.6
1953-54	73.1	0.7	15.6	16.3	89.4	18.2	22.3
1954-55	81.1	3.1	16.2	19.3	100.4	19.2	23.8
1955-56	82.4	10.0	14.6	24.6	107.0	22.9	29.7
1956-57	63.8	20.3	13.6	33.9	97.7	34.7	53.1
1957-58	45.7	28.2	13.4	41.6	87.3	47.7	91.0
1958-59	*	*	13.6	*	93.7	*	*

* Not available.

The Hon. F. J. POTTER—The statement appearing immediately under that table states:—

It will be seen that total protection increased from about £18,000,000 a year in the first three years of the table to £42,000,000 by 1957-58. Over the six years 1952-53 to 1957-58, it totalled £154,000,000 and averaged £25.6 million a year. Producers relied on protection for about 19 per cent of their incomes in the early 'fifties, and for 48 per cent in 1957-58. Over the whole period, protection provided about 27 per cent of producers' incomes.

Perhaps the most significant fact is the rise of total protection from 24.6 per cent on export parity values to 53.1 per cent in 1956-57 and to 91 per cent in 1957-58. Over the whole six-year period it averaged about 41 per cent.

Paragraph 7 of the report states:—

A further special difficulty arises from the fact that for the industry's main product, butter, there is available a close, high-quality substitute in the form of margarine. The production of margarine relies on the use of relatively cheap materials and on highly capitalized efficient processing methods. It can therefore be produced cheaply even in a country like Australia where labour is relatively dear.

We must not forget that the dairying industry is a non-union industry as far as labour is concerned although it does, as the Minister said, employ many people. It does not employ them at union rates of wage and indeed in many cases it is what might be called a cheap labour industry because so many members of farmers' families are used in the production of the goods.

The report continues:—

It seems very likely that world demand for edible fats will increasingly be supplied either by the cheap products of highly capitalized and efficient margarine factories, or by butter produced in countries where either labour is relatively cheap, or productivity is sufficiently high to offset the high labour content of the natural product. If Australia ignores this probable long-term trend, and seeks to supply her domestic market for edible fats mainly from home-produced butter and, in addition, to export considerable quantities, she is likely to be faced with a large and rising burden of protection for the industry.

It seems to me that that is inescapable. Paragraph 54 states:—

There is naturally widespread resentment amongst dairymen against margarine producers. This is perfectly understandable; all existing producers of any commodity have always resented their more efficient competitors and successors. But if the cow is a less efficient producer of edible fats than the margarine industry, it must eventually be replaced. It should, however, be emphasized that the dairying industry has only weakened its competitive strength vis-a-vis margarine by pushing its production to the point where it must be heavily protected. Our suggestion that butter should be placed on the home market at a price no higher than import parity and an appropriate excise be imposed on margarine should greatly strengthen its position. If under these circumstances margarine is able to maintain or expand its market in fair competition with butter, then it should be allowed to do so. The only reservation here is that it would be necessary to ensure that margarine producers, some of whom have great financial strength, do not undertake a long-term price-cutting campaign designed to cripple the dairy industry, leaving them eventually with a near-monopoly of the edible fats market.

These are the conclusions and the recommendations of the two eminent professors on the dairying industry:—

To sum up, we believe that the overall protection given to the dairying industry should be reduced to what would amount to about 15 per cent to 18 per cent of its value at export parity when the U.K. price is at 300s. per cwt. (sterling). This protection should be given by permitting the industry to determine the most profitable home prices for butter and cheese within the range set by export and import parities, and by imposing an excise on margarine equal to the margin between export and import parities for butter. The present subsidy on butter and cheese should be abolished. Tariffs and import controls on these products should be removed. All restrictions on the quantity and quality of margarine production should be lifted. The dairy price equalization system would be continued, in accordance with paragraph 17 above, and it might be desirable to establish a system for stabilizing incomes of butter and cheese producers within the limits thus set.

All these measures should be introduced gradually, during a transition period of five to 10 years, to minimize any disruption of the industry resulting from the changes.

During the transition period, special schemes to provide technical and capital assistance should be devised, in order to strengthen the position of marginal producers who remain in dairying, in order to help those who wish to leave the industry, and in order to help those who can neither establish themselves in the industry profitably nor move out of it.

From the conclusions of those two eminent professors it seems to me that if honourable members will read their report—

The Hon. Sir Arthur Rymill—When was it made?

The Hon. F. J. POTTER—I think it was made at the end of last year or early this year. There is no date on it. The fact that it has only recently been printed shows how up-to-date it is. The committee asked these two professors to provide it with a report, and I have just quoted from it. I do not know how the Dairy Industry Inquiry Committee has used it or intends to use it, because we have not yet had its report.

The Hon. Sir Frank Perry—Does the committee comment on the report?

The Hon. F. J. POTTER—I do not know. We have to wait to find that out. It seems to me that these gentlemen have produced to the committee something pretty formidable and something it will have to consider carefully. Their case is supported throughout by figures and I think they have made out a very good case. As the Hon. Mr. Edmonds said, the Bill is not a matter of any great consequence and I intend to support it.

The Hon. W. W. ROBINSON secured the adjournment of the debate.

The Council divided on the Hon. F. J. Condon's motion that the adjourned debate be made an Order of the Day for October 12—

Ayes (6).—The Hons. K. E. J. Bardolph, S. C. Bevan, F. J. Condon (teller), E. H. Edmonds, A. J. Melrose, and A. J. Shard.

Noes (13).—The Hons. Jessie Cooper, L. H. Densley, G. O'H. Giles, A. C. Hookings, N. L. Jude, Sir Lyell McEwin (teller), Sir Frank Perry, F. J. Potter, W. W. Robinson, C. D. Rowe, Sir Arthur Rymill, C. R. Story, and R. R. Wilson.

Majority of 7 for the Noes.

Motion thus negatived.

The Hon. F. J. CONDON moved—

That the adjourned debate be made an Order of the Day for October 13.

Motion carried.

ADJOURNMENT.

The Hon. Sir LYELL McEWIN (Chief Secretary) moved—

That the Council at its rising adjourn until Thursday, October 13, at 2.15 p.m.

The Hon. F. J. CONDON (Leader of the Opposition)—I rise to oppose the motion and do so because there is business to be considered, and the Council should not suspend its sittings for one day. There has been too much of this lately to suit the convenience of certain honourable members. The Opposition has always helped the Government in every way it could to transact its business. This Bill was introduced by me on August 24—almost two months ago—and the debate has been adjourned from time to time. I consider that the Opposition is entitled to some consideration.

The Hon. Sir Frank Perry—More information was given in the debate today than during the whole of the remainder of the debate.

The Hon. F. J. CONDON—The Bill has been before the Council all this time and there is a move to try to defeat its getting to another place, and I do not think that is fair. We are getting toward the end of the session and honourable members know that in the House of Assembly private members' business is not permitted after a certain date. The Government is endeavouring to prevent this Bill from being discussed in the House of Assembly. The Council has discussed the Bill on several occasions during the last two months. This legislation has always been supported by the Government since before 1939. Honourable members are well aware of what has happened in the past and today we find the very same people opposing this Bill who would not allow a single pound of margarine to be manufactured in South Australia if they had their way. It is of no use some honourable members saying that they have heard fresh information today. They have had this information all along and therefore I oppose the motion.

The Hon. Sir LYELL McEWIN—I only rise to answer the honourable member's point about the period that this Bill has been before the Council. I emphasize that the Council was in recess for two weeks, one of which was at the express wish of the Opposition. That puts a completely different complexion on the story. What is more, the Government is not in any way preventing anyone from having a reasonable adjournment to consider the matter. Today we had four speeches on the Bill and an honourable member then rose to seek the adjournment. I had not opposed the Opposition having the adjournment, and I cannot understand why the Hon. Mr. Condon opposes proper consideration being given to the Bill, particularly as private members' business is supposed to be confined to Wednesdays. The honourable member was allowed to have his Bill discussed today, and he has always been treated generously. If he wishes to be difficult, he can confine debate on his private members' Bill to Wednesdays.

Motion carried.

At 4.20 p.m. the Council adjourned until Thursday, October 13, at 2.15 p.m.