LEGISLATIVE COUNCIL.

Tuesday, October 23, 1962.

The PRESIDENT (Hon. L. H. Densley) took the Chair at 2.15 p.m. and read prayers.

QUESTIONS.

HOSPITAL BENEFITS.

The Hon. A. J. SHARD: This morning's *Advertiser* reported that the Minister of Health had attended a conference of Ministers of Health in Canberra and that it had concluded yesterday. According to the report there have been substantial alterations to medical and hospital benefits payable. I confess that I could not grip what was contained in the *Advertiser*, so will the Minister set out specifically what the alterations are to be, or if he cannot go into the matter specifically now will he later give the Council a considered statement on the alterations to be made under the Commonwealth Hospital Benefits Act?

The Hon. Sir LYELL McEWIN: I have already been approached twice by the press, once when I returned last evening and again this morning, for a statement as to what happened and what the Commonwealth proposals mean to the State. Although I am informed that some Ministers made comments, I think they were only speaking in general terms upon representations as assessed by the Commonwealth. I had with me a Treasury official and the Secretary of the Department and quite frankly we do not know exactly what it all means. I can say that I do not think that proposals Nos. 2, 3, and 4 mean much to us. To be candid, before I left, as the result of something of which I was cognizant, a Minister stated that he had assessed the position for South Australia and said that the proposals would be worth £100,000, but if that is to come to South Australia I cannot say to whom. A report was published in the *Advertiser* this morning, and there is one thing I would like to correct in connection with payments on behalf of pensioners. It stated that it would not now be necessary for pensioners to insure. That is dangerous from the point of view that the 36s. the Commonwealth has offered only relates to those with pensional medical service cards, or what we can more easily understand as medical entitlement cards. Until I know how many of these people there are it is impossible for anyone, whether Commonwealth or State, to say what it means. At the Royal Adelaide Hospital 75 per cent of the cases are insured. In consequence, our return is higher than the 36s. proposed. Those who cannot pay do not pay, and there is much variation of circumstances amongst those with entitlement cards, which I understand are not periodically reviewed.

That is all the information I have and we had no opportunity of seeing the proposals earlier. The question is being examined, but in the main I think the Commonwealth has attempted to make adjustments that may appear to simplify its administration but, on the other hand, it is possible that this may be detrimental to us and it may affect our State administration. After the meeting the Ministers decided that this question should be taken up at the Premiers' and Prime Minister's level for further discussion, because we were of the opinion that the proposals rather departed from the original spirit of the agreement. When the 8s. a day was first received it represented 33 per cent of the hospital costs, but since that time we have had considerable inflation and more advanced medical and surgical treatment, so that costs have increased considerably and the ordinary benefit of 8s. a day (I am not saying anything about money coming from insurance) now represents 8 per cent of the costs. Our net annual hospital costs are now £6,000,000 a year, whereas when I first became Minister of Health total maintenance was £430,000.

Whilst there may be something in this new proposal to maintain the *status quo* for patients it appears that the States will be left bearing the load, while £43,000,000 annually is being paid in Commonwealth pharmaceutical benefits. The whole position is a little unbalanced and should be further discussed. Getting back to the Leader's question, I am unable to say just what the Commonwealth's offer amounts to other than to make the statement that pensioners should not be misled. Certain statements have been made, but pensioners should not drop their insurance without consulting either some authority in the medical benefits funds or somebody in the department, otherwise they might find themselves at some disadvantage.

The Hon. K. E. J. BARDOLPH: According to today's *Advertiser* the Commonwealth Minister for Health (Senator Wade) indicated that this was a "take-it-or-leave-it proposal". In view of that statement will the Minister say what action he proposes taking in concert with other Ministers of Health in Australia to have this question fully discussed to safeguard the interests of the various States, or

is there no alternative proposal that could be placed before the Commonwealth Government for consideration?

The Hon. Sir LYELL McEWIN: I read that press statement but did not hear those words actually used by the Senator. However, if it was said by somebody that it was a take-it-or-leave-it proposal, I suppose it is a question of how we should interpret it. The five-year agreement had come to an end and the problem had to be reviewed for the purpose of making further arrangements. The proposals placed before us by the Commonwealth are its own decisions. If the States are unable to agree to the terms there will have to be a conference where everybody will have a chance to examine them; we will then have a better analysis of what it means to everyone concerned. After that it will be the prerogative of the State Governments to ask for any further negotiations that they desire. As regards the Commonwealth's proposal being on a take-it-or-leave-it basis, I should say that, just as the suggestion that pensioners should not insure could be misleading, so also are those words rather an exaggeration.

TELEVISION CENSORSHIP.

The Hon. K. E. J. BARDOLPH: Recently I asked the Chief Secretary a question regarding what censorship was in operation in relation to television films, and he indicated that it was under the control of the Commonwealth Censorship Board. I now desire to direct a further question to the Chief Secretary. Has he read the remarks of His Honor Mr. Justice Chamberlain in the Criminal Court this week relative to television programmes, when delivering judgment on a case before him? In view of such strictures on the quality of some television programmes glorifying crime, will the Chief Secretary take the necessary steps to introduce a film censorship board in South Australia, which I understand he has power to do under existing legislation?

The Hon. Sir LYELL McEWIN: I read the article referred to and I concur in it to a large degree. I point out, however, that a film censorship board in South Australia would have nothing whatever to do with television programmes, unless somebody buys them in 50 years' time and exhibits them in much the same way as a lot of rubbish put over some years ago. We have a much tighter supervision of film programmes here and I have not had any complaints, except a few about suggestive advertising of them. In this regard the film interests here have themselves established a board to watch over advertising, and this has assisted the administration. However, I would be happy to examine any complaints that people might wish to make, but, I suppose, I have not had a complaint regarding films themselves in the last five years.

MERCANTILE LAW AMENDMENT.

The Hon. F. J. POTTER: I ask leave to make a brief statement prior to asking a question.

Leave granted.

The Hon. F. J. POTTER: About a fortnight ago, when speaking on the Appropriation Bill, I referred to the increasing rate of bankruptcies in South Australia, and suggested it was linked in some respects with out-dated provisions in our Mercantile Law Act. Since making those remarks I have had approving comments from a number of people and organizations, and I understand that the amendment I suggested has been supported by the Law Society. Also, in the latest issue of the *Trade Gazette*, issued by the Mercantile Trade Protection Association, the amendment is very strongly advocated, and support for what I said is contained in the leading article. On October 13 a statement appeared in the *Advertiser*, which was said to have come from an official source, that it was likely that the law in this respect would be changed fairly soon. Can the Attorney-General inform the Council whether he was the official source mentioned in the *Advertiser* report? If so, can he say when an amendment is likely to be placed before this Council or another place?

The Hon. C. D. ROWE: I was not the official source referred to. I am, however, having a look at the remarks made by the honourable member and having his suggestions examined. When I have done that I shall be pleased to let him know whether we can do anything along the lines suggested.

DESTINATION SIGNS ON BUSES.

The Hon. Sir ARTHUR RYMILL: Many people have noted with pleasure in the last few days the rear destination numbers on Tramways Trust buses, and I understand that it was made possible by the intervention of the Government. Will the Chief Secretary ascertain the total cost of these installations, and, separately, the cost of the equipment and the cost of the installation?

The Hon. Sir LYELL McEWIN: I shall be happy to take up the question with the Premier.

NOTICE OF MOTION FOR LEAVE OF ABSENCE.

The Hon. C. R. STORY (Midland): I am sure it is as pleasing to you, Sir, as it is to all other members, to know that it is not now necessary for me to proceed with the Notice of Motion for further leave of absence for the Hon. Sir Frank Perry, who is now in his seat in this Chamber.

The PRESIDENT: It is a great pleasure to welcome Sir Frank back with us and I trust that he will enjoy much better health in the future.

EDUCATION ACT AMENDMENT BILL.

Read a third time and passed.

BANKS STATUTORY OBLIGATIONS AMENDMENT BILL.

Read a third time and passed.

THE ELECTRICITY TRUST OF SOUTH AUSTRALIA (TORRENS ISLAND POWER STATION) BILL.

Adjourned debate on second reading.

(Continued from October 18. Page 1557.)

The Hon. A. J. SHARD (Leader of the Opposition): I support this Bill but before continuing may I associate myself and my colleagues with the remarks made by the Hon. Mr. Story and you, Sir, in welcoming the return of Sir Frank Perry. He looks well after his long illness, and we wish him good health in the future.

I support this Bill with some reservations. It vests portion of Torrens Island down to the low water mark in the Electricity Trust and authorizes the trust to carry out certain work in the Port River in connection with the establishment of a power station. The Bill, in effect, makes 1,300 acres of land at the southern end of Torrens Island available to the trust to build a power station at some time in the future and to construct bridges, etc., in connection with that project. It is unfortunate that no mention has been made of the commencement date of the work, and one is fearful that, as has happened with other legislation where Parliament has agreed to certain things, the project may not be carried out. I hope this project will not meet the same fate. I understand that an assurance has been given in another place by the Premier that the first portion of this power station will be in operation in 1967. All we can do is hope, wait and see whether that forecast proves correct, as with our growing population an added power station will be needed.

The reservations I have about the Bill are that at first glance one is disappointed that Torrens Island has been selected as the site for the power station because this only adds to the centralization of industry within the metropolitan area. The Minister's second reading explanation gave good reasons why this site was selected. Indeed, one would be brave to criticize the selection if only for economic reasons. However, it was stated in the explanation that it would have been better in some respects if the power station could have been built south of Adelaide, as this would have avoided the necessity of bringing in power from the north and west of the city. That sounds logical, but the cost involved would be prohibitive. The Minister said that because of the generally rugged coastline in the south it would be very costly to develop a port for unloading coal and to provide cooling water facilities that would withstand the rougher seas, and despite the longer transmission distance from Wallaroo a power station on the south coast would be more expensive than one at Wallaroo. We have to accept the decision of the experts who decided that, because of the economics, the power station should be built at Torrens Island. We would have liked to have it in a country area and perhaps, taking the lesser of two evils, it would have been possible to build it at Wallaroo. However, the reasons advanced for not building it there were nearly as cogent as those given against a site south of Adelaide. The Minister said that the possibility of building a power station at Wallaroo was considered in detail, and that it was estimated that at the 1,000,000 kilowatt stage of development the capital cost of the Wallaroo station would be £7,900,000 in excess of a similar power station at Osborne or south of North Arm, which is adjacent to Adelaide. Of this extra cost £5,400,000 would be for transmission costs.

It appears that the experts considered only the trust's economic point of view, and perhaps they cannot be criticized for that. Where I differ is that the benefit to the whole State, as compared with that to the trust as a single identity, has not been taken into consideration. It may have been better had it been built, for argument sake, at Wallaroo, even if the cost was some hundreds of thousands, or even a million pounds, more. A station at that town would benefit the State generally, possibly not to the extent of the total additional cost, but industries would have been provided in the country and

employment given to country people and their children. I do not think that aspect of the case has been considered at all. One cannot argue from the trust's point of view against the selection of Torrens Island because of the economics, but the overall position of the State may have been better if a site had been selected away from the metropolitan area. Another point to be considered is whether the two major metropolitan power stations should be so close together as at Osborne and Torrens Island. It is not dangerous in peace time but if there were another war—and I certainly do not want that—they would be easy to attack.

The Hon. K. E. J. Bardolph: They would be very vulnerable to enemy attack.

The Hon. A. J. SHARD: That is the point I am making. Both could be hit in the one raid and be put out of commission. That is an aspect which, unfortunately, we have to consider. A study of history makes us realize that we shall not always live in peace, and it is dangerous to build two power stations in such close proximity. There are many points that could be discussed, but I am content to make these few remarks because I have been assured that this Bill does nothing more than make an area of 1,300 acres of Crown land on Torrens Island available to the Electricity Trust to build a power station thereon, and exempts it from possible claims for damages in connection therewith, and gives it permission to build bridges and other structures from the mainland to Torrens Island. There is much talk about the cost of the proposed station and some people say it will be about £150,000,000. It has been suggested that the project should have been referred to the Public Works Committee for inquiry and report, but I understand that the trust has the power to spend money on building a station when and where it chooses, provided the money is raised by loan and repaid. I understand that the matter would not have come to Parliament except that the Government wanted to remove any doubts about the use of Crown lands. The Bill makes this land on Torrens Island available to the trust for the purpose of building a station. With the reservations I have made I support the second reading.

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

COMPANIES BILL.

Adjourned debate on second reading.

(Continued from October 18. Page 1561.)

The Hon. F. J. POTTER (Central No. 2): I support the second reading. I heard with much interest the remarks by the Hon. Sir Arthur Rymill and the Hon. Mr. Bardolph when supporting the second reading. I thought Mr. Bardolph went a little too far with some of his remarks about the paramount importance of the measure, and when he said he regarded it as one of the most important pieces of legislation we have had before us for years. I thought he used extravagant language in speaking in that way, but from time to time he is rather given to that sort of thing. The truth is nearer to what Sir Arthur Rymill said. After all, this is not a revolutionary Bill. It is only a consolidation Bill prepared by draftsmen after considering the legislation in the various States dealing with companies. Most of the clauses are the same as in the old legislation. In many instances there has not been a radical change.

In a few sentences I want to give members the existing position and the position under the new Bill. Under the old measure we made it possible for the incorporation of companies known generally as public companies including no-liability companies, companies limited by guarantee, and companies with unlimited liability. I bracket these companies as public companies. Under the present Act private and proprietary companies are dealt with, but there is really not much difference between the two. A proprietary company is limited to a membership of 50, but we have private companies whose membership is not so limited. Despite that fact we have only four or five private companies with a membership exceeding 50. In effect, most of the private companies could have been proprietary companies.

The Hon. K. E. J. Bardolph: Don't you think that under the Bill these companies played an important part in the economics of the State?

The Hon. F. J. POTTER: That has been suggested. If they remain as proprietary companies they will play an important part. At present in South Australia we have 12,800 companies. Of that number 458 are public companies, and under that heading I include no-liability companies, companies limited by guarantee, and companies with unlimited liability. The number of proprietary companies is 300. These are companies with a membership of up to 50, which have been deliberately incorporated as proprietary companies. The number of private companies is 9,752. This shows how important are private companies in the present set-up. I have suggested that they might just as easily have

been proprietary companies. Under the new Bill the types of companies I have classified as public compainies remain unchanged, but private companies are abolished. Although they can maintain their present constitution until 1965, it is expected that by then they will have been converted to proprietary or public companies.

The Hon. K. E. J. Bardolph: The Victorian Attorney-General is introducing legislation to protect private companies.

The Hon. F. J. POTTER: Victoria does not have private companies, only proprietary companies. South Australia is the only State that has had private companies because, at one time, it was considered that their formation was an easy way of raising money or of getting an unlimited number of people to supply capital (although touting for shares was prohibited for private companies), and it was believed that they would be of value in the economic life of the State. After 1965 public and proprietary companies will be retained, but private companies will be abolished. Many private companies will readily convert to proprietary companies. The main innovation in this Bill is that companies must file with the Registrar, in addition to their annual return, audited copies of their balance sheet and profit and loss account unless they are exempt proprietary companies or, in other words, companies that do not have to comply with this additional provision.

It is timely that many companies should be compelled to furnish this information in a public manner. It is important to understand what is an exempt proprietary company and the definition provides that this type of company means a proprietary company (or what we so readily think of as a private company) in which no public company directly or indirectly holds a share. That is the best paraphrase I can give of the definition, and if that is so I suggest that of the 9,752 private companies and of the 200 existing proprietary companies the greatest percentage will not be companies in which a public company holds directly or indirectly a share, so the great majority of them will become exempt proprietary companies and will be in no different position from existing circumstances. They will not have to file that additional information. I make that point because I am coming to what I wish to make the central feature of my remarks in this debate.

The Bill makes many important alterations to the machinery provisions affecting companies on the one hand and the Registrar's office on the other hand, and it also provides machinery for some existing gaps to be plugged in situations arising on company take-overs and matters of that nature, but in one respect in this State the Bill takes a retrograde step. That relates to the provision in clause 165 abolishing the necessity for an exempt proprietary company—most of them will be in that category—to have an audit of its books. Clause 165 provides that before that can happen every member of the company must concur. I believe that safeguard is inadequate. The original Companies Act of 1892 did not make provision for an audit of all companies, but the existing legislation contained in the 1934 Act deemed it desirable to introduce provisions for a compulsory audit of all companies whether public, private or proprietary. This Bill provides machinery whereby that provision may be avoided and we might ask ourselves why this should be so.

Prior to the introduction of this Bill South Australia provided for a compulsory audit of all companies and so did Queensland and New South Wales. The other three States did not have that provision. I understand, and the Minister can correct me if I am wrong, that in the negotiations leading up to the preparation of this Bill it was hoped by Queensland, New South Wales and South Australia to persuade the other States to agree to a compulsory audit. I was not at the conferences and do not know what happened, but I understand from a reliable authority that the three States that had compulsory audit provisions were not successful in winning over the other States, and a compromise was reached, that compromise being the provision in our clause 165, that if the members of a private or proprietary company unanimously agree to dispense with an audit that will be possible. In the Committee stages I will strongly advocate that this compromise, like most compromises, is not satisfactory and has certain defects. Since 1934, when the compulsory audit provision was introduced, South Australia has experienced little, if any, trouble about the public conduct of affairs of private companies. Most of our difficulties and most public defaulting has occurred in companies incorporated in other States that have come here and been registered as foreign companies. Generally, the record of South Australian companies in their relationships with the public has been excellent. I believe our compulsory audit provisions have been a contributing factor to that state of affairs. It is not possible to demonstrate conclusively that an audit is a protection to the

public. I think that it is, although I cannot quote precise examples to prove this. It is largely a matter of common sense.

I ask members to consider these points: firstly, many private companies are actively trading with the public. I asked the Registrar of Companies yesterday if he could give me a break-down of the figures of private and proprietary companies to see how many were purely investment companies—small family companies using their own money to invest it in shares or in other ways—and how many of them were actively trading with the public. He was not able to give me those figures, but he expressed the opinion that a high percentage of proprietary and private companies would be companies that were actively trading in some way with the public. In many cases husbands and wives form themselves into a company which is trading with the public. One has only to look around the suburbs to see how many plumbers and painters and builders are doing this.

The Hon. K. E. J. Bardolph: And lawyers.

The Hon. F. J. POTTER: No, thank goodness they cannot do it, but I have it on good authority that even doctors in some States have formed themselves into private companies. My experience is that a large percentage of private companies in this State are trading with the public and I would say, as a member of the public, that people expect companies with which they deal—whether they expect it consciously or not—to keep proper books of account, and they naturally conclude that those books would be audited. Until now members of the public have never had to worry about that question because we have always had in this State the compulsory keeping of records and compulsory audits.

The second point I ask members to consider is that very many private companies have been formed for the purpose of minimizing taxation, which is perfectly valid, and I am not in any way decrying this tendency; if individuals can in any way lighten their taxation burden by doing this, or think they can, good luck to them, but I think everybody will know that to get the maximum taxation benefit private companies, in many cases, have included in their list of shareholders infants who are, perhaps, given these shares by parents who are life directors. I know of some who have had shares given them at birth, and in such circumstances I think that the infants themselves need some protection. I would suggest that they have none under this Bill, or under the compromise that was worked out between the States. If members examine the clause they will see that it says "If every member of the company agrees to dispense with an audit" it can be dispensed with. How can an infant beneficiary agree? How can an infant legally be expected to do this? There is no provision whatever in this Bill to show how such an agreement is obtained. It does not say that it has to be obtained in writing, or orally. All it says is that a minute shall be put in the minute book, and then it is all right.

Apart from the question of infant shareholders, some other very serious questions could arise between shareholders in a company which could often be brought to light by the presence of an active auditor. I have recollections of examining, some time ago, a case that went through the courts of this land—starting in our own Supreme Court and going on to the High Court of Australia —where the whole issue revolved around the question of whether or not one of the directors had issued to himself some shares in the company which issue beyond his powers as a director; in other words, that he had not propertly exercised his powers in the issue of shares and that this was done deliberately to obtain a preponderance of voting power. Such questions occasionally arise, and I suggest that a compulsory audit is a safeguard in those situations.

The third question which I would like members to consider is this: I suppose the biggest publicity given this Bill is on the question of the so-called "£2 companies". I have had complaints from many organizations that nothing is contained in the Bill about such companies, often referred to in the press as snide companies. It is true that this is the situation and, as a lawyer, I suggest that there is no way out of it. If we are to have limited liability companies we must continue to have the possibility of two people coming together and forming £2 companies, and going right ahead trading with the public. This cannot be stopped if we are to have any company law at all, but I do say that if we have a compulsory audit at least the directors of such companies must pass proper resolutions dealing with company funds; they cannot put company funds into their own pockets without someone looking over their shoulders, as it were, and saying, "You should not have done that; this can get you into serious difficulties." Further, I suggest that this inspector—the auditor—can limit the period of time during which any defalcations can occur. In other

words, an audit must be annual and any substantial defalcation by the directors would be limited to one year at the most.

I stress the point that many persons obtained the protection of limited liability by incorporating a company under the Act. This is a very distinct and valuable thing and in return for achieving that limited liability they should ensure that their books are audited. The next point is that if there is no auditor then I point out that circumstances could arise which would make this the first step to having no proper books or even no books at all. One can imagine the small company, in most cases under the administration of one man, who perhaps says to his own family or the small group of people who put a few pounds into the company, "We do not want an audit. We can dispense with that under this Act. Let us agree to that." The next logical step, which may not, of course, occur immediately, would be for one of the directors to say, "Well, I don't think we should keep that particular sort of record. It is unnecessary and we do not have an audit so let us dispense with it." In many instances the situation could arise where the public would be involved because there are people dealing with these companies who have no idea whether or not proper records are kept. I suggest that an audit is a safeguard for them, too. I pose this question: what church, what social club to which honourable members belong—I might ask my friends of the Opposition, what trade unions to which they belong, do not have an audit of the books?

The Hon. A. J. Shard: They have a public one now.

The Hon. F. J. POTTER: That helps my point. What would honourable members think of a treasurer of even the local church or social club who said, "I know you all trust me so I did not have my books audited." That is the situation in another context. I suggest that clause 165 should be amended so as to restore, at least to this State, the position that exists at present. I have heard the Hon. Sir Arthur Rymill say, "Let us not have uniformity for uniformity's sake", and I suggest that this is one particular reason why no departure should be made from the satisfactory position that has existed in South Australia. We must not forget that under clause 165 it is not a question of whether a licensed or a non-licensed auditor has to be engaged, but a question of an audit or no audit in the case of exempt proprietary companies, which will still comprise most companies in existence in South Australia.

I support the Bill because it will be advantageous in many ways, and because some of the ambiguities that existed in the old legislation have been removed. In Committee I will move amendments not only confined to the question of audit but others of a drafting nature which I have discussed with the Assistant Parliamentary Draftsman, who supports me on most of them. In due course honourable members will receive a list of the amendments, to which I hope they will give their earnest consideration.

The Hon. W. W. ROBINSON (Northern): I support the Bill because I believe that it is a very laudable attempt by the Attorneys-General, assisted by departmental officers, to bring about an improved, and, more particularly, a uniform Companies Bill. I understand that about two and a half years have been taken in perusing the relevant Acts in Australia and Great Britain in an attempt to extract the best from each of them. It is desirable to get a uniform Act for Australia if possible, but not for uniformity's sake. It would be better for this Parliament to depart from uniformity if we thought that some portion of the Bill could be improved.

The Hon. K. E. J. Bardolph: We still have that power. All the States have that power to deal with a domestic process. It is only a uniform Bill in principle.

The Hon. W. W. ROBINSON: That is patent, otherwise it would not be before this Parliament. In our deliberations we do not necessarily have to accept the Bill because it has been passed by other State Parliaments. We should deal with it clause by clause in Committee.

The Hon. K. E. J. Bardolph: That is what we are going to do.

The Hon. W. W. ROBINSON: I pay a general tribute to South Australian companies. I am sure that over the years they have established a reputation for integrity and fair dealing that is the envy of companies in every State in the Commonwealth. While I agree with the Hon. Mr. Potter that we have much to be proud of in this State, I do not agree with him that that position arises because our State law provides in every case for an audit.

The Hon. F. J. Potter: I did not say that it was brought about entirely by that.

The Hon. W. W. ROBINSON: In a measure, then, brought about by that fact. I would say the reputation of our companies stood equally high, if not higher, prior to 1934 when the present Act was introduced. I pay a tribute to the standard of the directors of companies

in South Australia, and I may be pardoned if I mention one particular director, because that is no reflection on any other director. I refer to the late Sir Walter Young, who, I believe, established a standard of company integrity and conduct which has been and could still be followed by all directors in this State.

I know of companies with directors who, individually and severally, have been responsible for the financing of those companies by giving guarantees to banks. I know of some directors who receive no remuneration; they work without fee or reward in order to further the interests of their companies. I say this to indicate that all directors are not out to further their own interests. This is a Committee Bill and I shall not discuss the various provisions in detail, but I want to refer to three or four. Clause 8 deals with the appointment of a Companies Auditors Board, and provides for the appointment of a local court judge, a special magistrate or a duly qualified practitioner of the Supreme Court of not less than five years' standing to be the chairman. One person is to be selected as a member from a panel of five names nominated by the State Council of the Institute of Chartered Accountants in Australia, and another selected as a member from a panel of five names nominated by the Council of the State Division of the Australian Society of Accountants. In connection with auditors, that might be satisfactory, but for appointment as liquidators men of practical business experience are needed. It does not always follow that an accountant is the best person to act as a liquidator. On the board there should be a member nominated by the Chamber of Commerce, which could ensure that the person to act as liquidator was a man of practical business experience. Clause 38 deals with invitations by a company to the public to deposit money with that company. When I first read the provision I wondered whether I had read it correctly. Subclause (1) states:

No invitation to the public to deposit money with or to lend money to any corporation shall be made unless a debenture is intended to be issued in respect of every such deposit or loan . . .

The Hon. F. J. Potter: I have an amendment on that matter.

The Hon. W. W. ROBINSON: I suggest that subclause (2) be deleted, because subclause (3) deals with the position, but it is a matter that can be further discussed in Committee. I come now to proceedings at annual meetings. A motion can be declared carried by a show of hands, but a poll can be demanded by five members entitled to vote at the meeting. I suggest that five is too small a number, particularly with large companies. Certain provisions relate to a member representing not less than one-tenth of the total voting rights, and a member or members holding shares on which there is an aggregate sum of not less than one-tenth of the total sum paid up on all shares. A demand by five members for a poll in connection with a company of which I have some knowledge would result in the expenditure of much money. It would be an unwieldy affair. The position would be more adequately met by the two latter provisions. The fourth schedule deals with the proceedings of directors, and says that any director with the approval of the directors may appoint a person whether a member of the company or not to be an alternative or substitute director in his place during such period as he thinks fit. I think the substitute director should come from the shareholders of the company. The fourth schedule also says that at any general meeting a vote may be decided by a show of hands, unless a poll is demanded by at least three members present or by proxy. That appears to place too much power in the hands of a few people, and it could put the company to much expense. Generally speaking, the Bill is good. It has been carefully considered, and after we have dealt with it in Committee we shall have a Companies Act of value to the commercial world in South Australia.

The Hon. A. C. HOOKINGS secured the adjournment of the debate.

ADJOURNMENT.

At 3.35 p.m. the Council adjourned until Wednesday, October 24, at 2.15 p.m.