

LEGISLATIVE COUNCIL

Tuesday, August 15, 1967

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

ASSENT TO BILLS

His Excellency the Governor, by message, intimated his assent to the following Bills:

- Highways Act Amendment,
- Land Settlement Act Amendment,
- Morphett Street Bridge Act Amendment.

QUESTIONS

CHOWILLA DAM

The Hon. C. R. STORY: I ask leave to make a short statement with a view to asking a question of the Chief Secretary.

Leave granted.

The Hon. C. R. STORY: My question relates to last Friday's announcement that there is some doubt whether the Chowilla dam project will proceed or that at least there will be a considerable delay in its commencement. A sum of \$6,000,000 has already been expended. A village has been set up at the site, and a railway has been provided. Much land has been acquired and at this late stage it is most unfortunate that there should be a further hold-up. I understand that one of the reasons given is the mounting costs of the scheme. Procrastination in the matter will only aggravate them. I notice that Cabinet was debating the matter yesterday. Can the Chief Secretary make a statement to the Council on it?

The Hon. A. J. SHARD: Yes. As the honourable member has said, it can be assumed that all people in South Australia are perturbed at the proposed further delay in the work at Chowilla. It is true, as the honourable member has said, that Cabinet had long discussions on this matter yesterday, after which a statement was prepared. The honourable member's question can best be answered by my reading it; it is as follows:

The resolution of the River Murray Commission concerning the indefinite deferring of the Chowilla project and the requirement that South Australia reduce expenditure on the project to a minimum as rapidly as possible has naturally given rise to widespread dismay in South Australia where we have sought through the Chowilla project to be assured during dry years of getting what is our normal allocation of Murray River waters. Without some further arrangement than exists at the moment, in dry years South Australia could be badly over-committed on diversion from the

Murray River when the main to the metropolitan area from Murray Bridge had been built and the approved plantings requiring Murray River water had been developed.

The report of the commissioner (Mr. Beaney), who represents South Australia on the commission, has, however, shown us that there were three other factors arising from investigations by the River Murray Commission in addition to the vastly increased cost of the project since it was first approved, which resulted in the other commissioners refusing to let a tender for the dam at the moment. These were that, since the dam was originally approved for design, it has been shown clearly that certain minimum flows must be maintained at Mildura in order to reduce the saline content of the Murray River for irrigation; that the evaporation loss through Chowilla was much greater than assumed in 1962; and that the capacity of the Blowring dam had been increased markedly. The commissioners, therefore, have wanted to investigate some other way of assuring the water to South Australia which it needs in dry years.

The Government believes we must have an assurance of that water because without it we cannot proceed adequately with our plans for general development. The Premier, therefore, has been in touch with the Prime Minister to ask for an immediate meeting of Ministers concerned to obtain an assurance from the Governments represented on the River Murray Commission that, whatever happens in the future, South Australia will be assured of the necessary water. The Prime Minister has asked the premier to put the request in writing to him and he will, in the meantime, inform himself fully on the situation. The Premier is hopeful of an urgent reply from him. It is also clear from the discussions at the River Murray Commission that the Chowilla project is certainly not dead but that the River Murray Commission refuses to proceed until further investigations have been completed, which will go beyond the time available to us for dealing with current tenders.

Further to that statement, I know that the letter that the Premier has promised to forward to the Prime Minister has been signed and I expect it is now on its way to its destination.

TEACHING HOSPITAL

The Hon. V. G. SPRINGETT: Has the Chief Secretary a reply to the question I asked on July 25 regarding a hospital suitable for teaching purposes in the vicinity of the Flinders University?

The Hon. A. J. SHARD: The construction of the hospital will commence in the financial year 1970-71. The programme will achieve the completion of the hospital building for occupation in 1974 and will allow 12 months for hospital commissioning before the proposed commencement of clinical training in the hospital in 1975.

KINGSTON-ROBE ROAD

The Hon. R. C. DeGARIS: Has the Minister of Roads a reply to the question I asked on August 8 concerning the sealing of the road between Kingston and Robe?

The Hon. S. C. BEVAN: A length of six miles from Kingston towards Robe has already been reconstructed and sealed, and it is expected that a further length of four miles will be sealed by Christmas. This length, however, will be dependent on the programme and progress of a major contract that will be prepared for sealing works in the whole of the South-East during next summer. The contract has not yet been prepared.

YORKETOWN HOSPITAL

The Hon. M. B. DAWKINS: Has the Chief Secretary an answer to the question I asked on August 8 concerning the proposed extensions to the Southern Yorke Peninsula Hospital at Yorketown?

The Hon. A. J. SHARD: The reply is as follows:

The Secretary of the Southern Yorke Peninsula Hospital Board was advised on June 6 that the Director-General of Medical Services is of the opinion that the question of the erection of a new wing should not be considered until the existing facilities at the hospital had been improved, and the official returns showed a greater demand for beds as evidenced by an increased daily average. The Director-General is not convinced that an expenditure of about \$80,000 is justified at the present time in building a new wing with 10 beds and the operating theatre, as well as renovating the existing building. It was suggested that the board request its architect to submit a scheme and estimate of cost for renovating the existing hospital, and that if the board agreed to this it should be submitted to me for consideration. Up to date, no reply has been received from the hospital.

MURRAY RIVER SALINITY

The Hon. H. K. KEMP: Has the Minister representing the Minister of Irrigation a reply to the question I asked on August 1 concerning salinity figures being published regularly in the Adelaide press and over the air?

The Hon. S. C. BEVAN: The Director and Engineer-in-Chief reports as follows:

It has been the practice for some time to supply to the *Murray Pioneer* and to the upper radio stations information each Monday on salinity levels at several observation points. These are Lock 9, Lake Victoria, Lock 5, Berri, Loxton, Cobdogla and Waikerie. The readings are based on the chloride content of the water and are obtained by titration methods and record locally-made tests. The tests are made daily for the information of the observers during critical periods and three times a week through the remainder of the

year. In addition, the department carries out confirmatory testing of a more precise nature at a number of stations between Lock 9 and Goolwa at either daily, weekly or monthly intervals.

The same types of tests as those published could easily be extended to Morgan, Mannum and Murray Bridge. It is doubtful, however, if the publication of this information on a State-wide basis will have much value. The interpretation of the readings must be made in conjunction with the flow of the river, and generally they have little significance for irrigators at any distance from the point of observation unless this is understood. I do not recommend the extension of publication of this salinity information by inclusion in the *Advertiser* or other State-wide coverage. The information now given for the upper river is based on fairly closely spaced observations, but still has its main significance in the immediate vicinity of the reading point.

The Hon. H. K. KEMP: Further to the Minister's reply, I seek leave to make a short statement prior to asking another question on this matter.

Leave granted.

The Hon. H. K. KEMP: Contrary to what we have just been told, salinity records are very important in the Lower Murray. I understand that last year pumping was commenced at the Mypolonga settlement when salinity was at its peak during the passing of highly saline water from further up the river. Very severe damage was done to the first blocks irrigated before the settlement suspected high salinity. There are also many private pumpers in the Lower Murray with large areas of fruit trees under irrigation who are equally subject to the devastating damage that salinity can cause. If figures are published from Mannum only, it will certainly be insufficient for what I have in mind. Also, it must be remembered that announcements through Upper Murray radio stations are often inaudible in the Lower Murray, and publication in the metropolitan press and announcements through metropolitan radio stations are needed. Consequently, will the Minister bring these matters before the Minister of Irrigation and ask for equally close spacing of salinity reports and equally detailed readings in the Lower Murray as in the Upper Murray?

The Hon. S. C. BEVAN: I shall refer the matters raised to my colleague and bring down a reply as soon as possible.

The Hon. C. R. STORY: I seek leave to make a short statement with a view to asking a question of the Chief Secretary.

Leave granted.

The Hon. C. R. STORY: I direct my question to the Chief Secretary because it concerns a matter of policy. There is in existence at Mildura a committee called the Sunraysia Salinity Committee, and another committee, called the Upper Murray Salinity Committee is situated in the Upper Murray of South Australia. These committees have been somewhat of vigilante committees on salinity matters in the Murray River. The problem at the moment, with a very large slug of saline water coming down, has made these committees even more active than they were previously. They convened a meeting in Mildura a fortnight ago and sent invitations to the heads of the Engineering and Water Supply and Agriculture Departments of South Australia, Victoria and New South Wales. The latter two States accepted and were represented at the conference, but South Australia did not accept and therefore was not represented. As a result, South Australia's point of view was not canvassed, nor did this State get the benefit of that conference. As another conference is to be held at Loxton later this week, will the Chief Secretary give some assurance that South Australia will be represented at this high-level conference on salinity?

The Hon. A. J. SHARD: I cannot give an assurance at this stage that South Australia will be represented. In fact, this is the first I have heard of the matter. However, I will discuss the matter with the Premier and the Ministers of Agriculture and Works at the first available opportunity and, if possible, give the honourable member a reply before the end of the week.

STATUTES CONSOLIDATION

The Hon. C. D. ROWE: I ask leave to make a statement prior to asking a question of the Chief Secretary.

Leave granted.

The Hon. C. D. ROWE: Some time ago I asked a question of the Chief Secretary with regard to the possible consolidation of the South Australian Statutes. Subsequently, he was good enough to speak to me and indicated that negotiations for this were in progress. He pointed out that in the best interests of these negotiations no information should be given at that time. I agree with that sentiment. Can the Chief Secretary give an undertaking that when he is in a position to make an announcement regarding this consolidation it will be made in Parliament and not through any other channel?

The Hon. A. J. SHARD: I think my worst enemies would admit that I always try to make announcements in Parliament, if it is left to me to do so. I did intend to announce in the Council the statement I made last Thursday about the new Director-General of Medical Services and it was unfortunate that I had to do it as I did. I shall endeavour to comply with the request of the honourable member about the consolidation of the Statutes.

BREAD

The Hon. C. M. HILL: Has the Minister of Health a reply to my question of August 9 regarding the addition of iodine as a bread improver in South Australia?

The Hon. A. J. SHARD: For many years it has been permissible to add bromate to flour for baking bread. The purpose is to improve the baking quality. In May, 1963, the National Health and Medical Research Council approved a request that iodate (20 parts a million) should be permitted as an alternative. This had been shown to have an equally good effect in baking, and was considered to have some advantages in areas with known iodine deficiency, notably Tasmania and the Australian Capital Territory.

All State Governments and the Commonwealth Government accepted the council's recommendation that iodate be permitted as an alternative to bromate, and the South Australian food and drugs regulations were amended accordingly on November 10, 1966. Inquiries in the flour milling and baking industries at present indicate that these trades have not made use of the amendment to the regulations and iodate is not being added to flour for bread baking in South Australia.

SUPREME COURT CHARGES

The Hon. F. J. POTTER: I ask leave to make a statement prior to asking a question of the Chief Secretary representing the Attorney-General.

Leave granted.

The Hon. F. J. POTTER: Under the Supreme Court rules there is a list of charges for various services supplied by the court. One such charge is that for a carbon copy of the evidence taken in any matter before the court, which copy is supplied at a litigant's request. Prior to the general review of charges some time ago, the charge for this copy (which is made simultaneously with the original) was, I think, 5c a page, and it has been increased to 50c a page. A carbon copy of a judge's

reasons may be obtained for 20c a page, and from conversations I have had with friends in the legal profession I know that it is fairly widely held that a charge of 50c a page is exorbitant. It is essential to have a copy of the evidence in any defended case and, if it runs for two or three days, it is not unusual to have 200 pages of evidence. A charge of \$100 for a carbon copy of that evidence is a heavy impost on a litigant. Will the Chief Secretary take up the matter with the Attorney-General to see whether some reduction of this charge could be made in the interests of members of the public who happen to be litigants before a court?

The Hon. A. J. SHARD: I am prepared to take up this matter with my colleague and bring down a reply as soon as possible.

SWIMMING POOL

The Hon. C. D. ROWE: Has the Minister of Roads a reply to my question of August 9 regarding the proposed swimming pool in the north park lands?

The Hon. S. C. BEVAN: Yes. I passed the question to the Town Clerk of the Adelaide City Council, and his reply is that in siting the swimming pool consideration will be given to any proposed alterations to Fitzroy Terrace.

LYELL McEWIN HOSPITAL

The Hon. L. R. HART: I ask leave to make a statement prior to asking a question of the Chief Secretary.

Leave granted.

The Hon. L. R. HART: On July 11 the Hon. Mr. Story asked the Chief Secretary a question about council ratings in connection with the Lyell McEwin Hospital. In reply, the Minister made the following rather peculiar statement:

The docket covering this matter has not yet been returned to me, and to be quite truthful I am not very interested in what the docket might contain, because I have my own ideas on the matter.

The Minister concluded by saying:

I believe that the final decision reached will meet with everybody's approval.

Can the Chief Secretary now indicate to this Chamber the final decision arrived at between the councils concerned and the department?

The Hon. A. J. SHARD: As forecast, and despite the peculiar question, the docket was returned and my way was accepted, even though against the advice of some people. I do not want to go into details, nor can I

do so without reference to the docket, but I am prepared to bring it down and show it to the members representing the district if they so desire. The net result was that the councils contributing to the Lyell McEwin Hospital will be given a special grant this year, thus reducing the proportion they have to pay. Between them, I think it will amount to \$35,000, and each council has signified its acceptance of the arrangement.

There is nothing to hide in this matter and I will bring down the docket tomorrow, if I think of it, so that honourable members may see just how this was worked out. It was a technical arrangement; a fictitious figure was used as a starting point and as a basis of an estimated total for the ensuing year. My understanding is that all parties are pleased with the arrangement. It is a start and I promised the councils concerned that the department would be prepared to look at the matter again in 12 months' time. At present the councils are in agreement, and the arrangement will be of considerable benefit to them and to the people in the area.

PORT MacDONNELL SLIPWAY

The Hon. R. C. DeGARIS: I ask leave to make a statement prior to asking a question of the Minister representing the Minister of Marine.

Leave granted.

The Hon. R. C. DeGARIS: The water at the approach to the Port MacDonnell slipway is rather shallow. Although some work has been done in an attempt to deepen the water at this approach, I believe that what has been done is of little value in getting boats on to the slipway. Can the Minister say whether the Government intends to further engage in operations to deepen the water at the approach to this slipway?

The Hon. A. F. KNEEBONE: I shall convey the Leader's question to the Minister of Marine and bring back a report as soon as possible.

DIREK SIDING

The Hon. L. R. HART: I seek leave to make a short statement prior to asking a question of the Minister of Transport.

Leave granted.

The Hon. L. R. HART: Over a long period I have made representations to the present Minister of Transport and to the previous Minister to have the Direk railway siding re-opened so as to facilitate the loading

of sheep by the Metropolitan Meat Company, which has a fairly extensive trade in live sheep to Kuwait. Also, in recent months I introduced to the Minister a deputation consisting of representatives of the Metropolitan Meat Company and the local government body concerned. Can the Minister say whether his department has reached any decision in relation to the re-opening of the siding?

The Hon. A. F. KNEEBONE: I cannot give the honourable member an immediate reply, but I shall make inquiries from my department and bring back a report at an early date, this week if possible.

PUBLIC PURPOSES LOAN BILL

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

The Hon. A. J. SHARD (Chief Secretary): I move:

That this Bill be now read a second time.

At its meeting in June, 1967, the Australian Loan Council adopted a total new borrowing programme of \$677,000,000 for works and housing. This is an increase of \$32,000,000, or about 5 per cent, above the 1966-67 programme of \$645,000,000. South Australia's share of the year's programme is \$92,820,000, of which \$21,000,000 is to be borrowed in accordance with the housing agreement, leaving \$71,820,000 available for the normal works programme.

The \$21,000,000 for housing is \$250,000 above last year's allocation. Of the increase, \$150,000 has been allocated to the South Australian Housing Trust, taking the trust's total allocation of this special low-interest money to \$10,150,000 this year. The balance of \$10,850,000 is to be handled through the Home Builders' Account. It is expected that this latter amount will be supplemented by about \$1,270,000 of net recoveries, so that a total of about \$12,120,000 is planned for distribution through the State Bank and through building societies for advances to individuals to build or purchase houses.

The \$71,820,000 of new moneys available for the works programme will again be supplemented by repayments of earlier expenditures. Because of the problems of timber sales it is likely that repayments by the forestry undertaking will be restricted. However, the recoveries of the Public Buildings Department are expected to be higher because of special

contributions under university teaching hospitals arrangements. Overall, it seems reasonable to expect repayments to increase to about \$11,950,000.

In looking at expenditure proposals, the Government has had regard to the inevitable heavy pressures on Revenue Account, and has therefore decided to provide again in the Loan Estimates for all grants for building purposes for tertiary education and for non-government hospitals. The provisions for these purposes aggregate \$7,000,000 in 1967-68 compared with a peak requirement of \$8,802,000 in 1966-67. The overall programme, which has been framed after a careful consideration of the relative needs of all departments and authorities, proposes total expenditures of \$82,560,000, an increase of \$4,751,000 (or about 6 per cent) beyond the actual payments of \$77,809,000 in 1966-67.

In summary, the funds expected to be available and the expenditure proposals for this year are:

	\$	\$
Balance in the Loan Fund at June 30, 1967—Deficit . . .		1,206,000
New borrowings, being South Australia's share of a total programme of \$677,000,000 . . .	92,820,000	
Less diversion for housing under the terms of the Commonwealth - State Housing Agreement	21,000,000	
		71,820,000
Repayments of previous advances and expenditures		11,950,000
Available funds	82,564,000	
Programme proposed	82,560,000	
Estimated balance in the Loan Fund at June 30, 1968—Surplus		4,000

This programme would mean an improvement in Loan balances of \$1,210,000—that is, from a commencing deficit of \$1,206,000 to a closing balance in hand of a nominal \$4,000. The State Loan funds to be made available to the State Bank for Loans to Producers, to the Electricity Trust and to the Housing Trust will be supported by semi-government borrowings, by funds already in hand, and by internal funds such as surpluses and depreciation and maintenance provisions. The proposals for the Woods and Forests, Railways, and Public Buildings Departments are to be

supported by special Commonwealth contributions. I will now give honourable members a brief review of the main Loan works and purposes for which the Bill provides:

ADVANCES FOR HOMES, \$700,000—Of this provision \$200,000 is set aside for financing the purchase of existing houses, whilst the remainder is used in smaller part for financing necessary additions to houses already owned by persons who have received their original loans under the Advances for Homes Act, and in greater part in financing the purchase of houses constructed in country areas by the Housing Trust. Because of the arrangements with the Commonwealth it is not convenient to finance these latter houses out of the Home Builders' Account established under the Housing Agreement. As well as administering the Advances for Homes Act on behalf of the Government, the State Bank conducts the detailed allocation of a large part of the moneys which the State borrows at a concessional rate under the terms of the Commonwealth-State Housing Agreement and which it makes available through the Home Builders' Account to finance the erection or purchase of new houses. The proportion of State Bank advances financed from Housing Agreement moneys has been increased greatly in recent years, so that normal State Loan funds now form only a small part of the bank's lending programme. The bank is likely to have available for lending in 1967-68 Housing Agreement moneys, State Loan funds, carry-over funds from June, 1967, and repayments of previous advances, which together will be sufficient to carry out a lending programme of about \$13,300,000, or about \$500,000 more than in 1966-67.

LOANS TO PRODUCERS, \$750,000—It is expected that approximately \$1,150,000 will be required in 1967-68 so that the bank may continue to assist in financing capital extensions by co-operative enterprises. For these purposes \$100,000 has been carried forward from last year, \$750,000 is to be provided from Loan Account, and \$300,000 will be raised by way of new semi-government loans.

ADVANCES TO SETTLERS, \$180,000—This amount is proposed to enable the bank to make advances to settlers for farm buildings (mainly houses), land clearing and pasture development, and improvements in farm water supply.

STUDENT HOSTELS, \$100,000—The purpose of loans under the Student Hostels (Advances) Act is to assist in the financing of accommodation to cater principally for the needs of country students at various metropolitan educational

institutions. These loans are made on a long-term basis and on conditions comparable with loans for housing purposes.

MORPHETT STREET BRIDGE, \$120,000—The arrangement between the Government and the Corporation of the City of Adelaide for the reconstruction of the Morphett Street bridge and associated works provides that the works will be carried out by the council but that the Government will provide the finance in the first instance. The council will then repay half the cost with interest over a period of 30 years. The estimated total cost of the complete scheme is about \$3,400,000. To the end of June last payments by the Treasurer had amounted to \$2,140,000, of which the non-repayable half had been provided from the Highways Fund and the repayable half from Loan Account. To enable the works to be completed this financial year, further advances by the Treasurer of about \$1,260,000 will be required. Under the provisions of the Morphett Street Bridge Act, as enacted in 1964, half of this amount would be provided from the Highways Fund and half from Loan Account. However, under the recent amendment to this Act, the Government proposes that the whole of the finance shall be provided from the Highways Fund, with repayments by the council going back to that fund. The proposed loan provision of \$120,000 is intended to cover payments this year prior to the assent to the amendment.

SOUTH-WESTERN SUBURBS DRAINAGE, \$920,000—The drainage scheme to carry floodwaters from the south-western suburbs was commenced in 1960-61 and the first stage was originally estimated to cost approximately \$4,400,000. All of the approved drains rising west of the Sturt River and discharging directly to the sea have been completed and a flood control dam has been constructed on the upper reaches of the river to control the discharge of stormwaters from the hills section of the catchment. Because of the ability of the present winding channel of the Sturt River to convey only relatively small flows, it has been necessary to defer the construction of most of the drains rising east of the river and discharging into it until the channel has been improved. Approval has now been given to an extension of the drainage scheme to provide for the re-aligning, deepening, widening and concrete lining of sections of the Sturt River. A current re-estimate of the total cost of the entire scheme is almost \$8,000,000. Honourable members will be aware that the Government is

making available a special unmatched contribution of \$1,000,000 towards the added and unforeseen costs associated with the work in the lower reaches of the river. All of the funds required are being provided by the Government in the first instance, and half of the cost of the scheme, apart from the special \$1,000,000, will be recovered subsequently from the local authorities whose areas will benefit; \$920,000 is provided this year for the construction of earthworks on the Sturt River and drains east of the river.

WOODVILLE, HENLEY AND GRANGE DRAINAGE, \$260,000—In terms of the Metropolitan Area (Woodville, Henley and Grange) Drainage Act, the Government has made an arrangement with the two councils concerned for the construction of drains and associated works to drain floodwaters from Fulham Gardens and Henley Beach. The work, estimated originally to cost \$773,000, is being carried out by the councils, but the Government has agreed to provide the whole finance up to the figure of \$773,000 in the first instance. Half the cost with interest will be repaid by the councils over a period of 53 years. The work is being undertaken in two stages and expenditure on Stage I to the end of June was \$513,000. During last year it became apparent that the cost of completing the scheme would be considerably in excess of the amount provided in the Act, and accordingly the Government referred the matter back to the Public Works Committee for further investigation and report. No construction work was carried out on the scheme during 1966-67, pending this investigation. The latest estimate for the completion of Stage I is \$1,221,000, and the recommendation from the committee is that the Government should not be involved in any expenditure beyond the \$773,000 originally agreed on. The \$260,000 proposed this year is the remaining balance of the provision authorized under the Act.

METROPOLITAN DRAINAGE—OTHER, \$200,000—The Government has received a number of submissions from local government bodies in the metropolitan area for financial assistance with projects to dispose of floodwaters. The two main problems involved are to fit proposals for particular areas into an effective overall pattern and to find the funds required to carry out all the desirable works. The Government has considered a number of alternative approaches and has decided that the best procedure would be to subsidize councils to assist them to construct approved projects for main drains. Submissions from councils will be

examined fully by officers of the Highways Department to see whether the proposals are technically sound and whether they fit into an effective overall scheme for the suburbs. If proposals are expected to cost more than \$200,000 they may be submitted to the Public Works Committee for report and recommendation.

Suitable proposals will then be considered by the Government for subsidy on the basis of one dollar for each dollar provided by a council up to an approved limit. Councils will be responsible for finding their quota of one-half of the funds required and for carrying out the actual work. The Government will make every effort to set aside funds to assist councils in this problem of drainage of floodwaters. Naturally, the amount to be provided and its allocation each year must have regard to the relative urgency of drainage proposals and to the demands on limited Loan funds for all other purposes. The sum of \$200,000 is provided this year to assist councils in schemes that may be approved.

IRRIGATION AND RECLAMATION OF SWAMP LANDS, \$425,000—Expenditure in 1967-68 will include the following: The sum of \$70,000 to commence the construction of a new pumping station at Cadell; \$60,000 to construct a new overhead storage tank at Barmera to replace the existing tank, which is no longer capable of meeting the requirements of the expanding town; \$10,000 for the purchase of materials for the replacement of the existing stock and domestic water supply at Jervois; \$28,000 to complete work on a stock and domestic water supply at Mypolonga; and \$107,000 to complete the enlarging and re-siting of the town water supply mains to North Berri, in order to improve pressure on the higher levels.

SOUTH-EASTERN DRAINAGE, \$520,000—The Eastern Division scheme provides for the drainage of 727,000 acres of land between Kalangadoo and Naracoorte and is being carried out in two stages. Stage I involves the construction of a main outlet drain from the Mosquito Creek at Struan, via Bool Lagoon, and an enlarged Drain M to the sea at Beachport; while Stage II involves the enlargement and extension of Drain C, the enlargement of the Bakers Range drain, and the construction of a new Killanoola drain. The sum of \$520,000 is required for work in 1967-68.

REMARK IRRIGATION TRUST—LOAN TO, \$250,000—In accordance with the provisions of the Remark Irrigation Trust Act the Government has undertaken to finance, in the first instance, the cost of constructing a pumping

station at Renmark and rising mains and ancillary works up to an amount of \$1,120,000; two-sevenths of this amount is to be provided by way of grant from revenue and the remainder by way of loan repayable by the Renmark Irrigation Trust. The trust expects that an amount of \$350,000 will be required during 1967-68 for the purchase of pipes in connection with the rising main from the new pumping station and the laying of some of these pipes; \$250,000 has therefore been provided from Loan Account this year for these purposes and \$100,000 will be provided from Revenue Account.

AFFORESTATION AND TIMBER MILLING, \$2,000,000—The more important provisions for 1967-68 are as follows: The sum of \$360,000 to meet the cost of recurring maintenance services involved in forest establishment and development; and \$650,000 for preparation of land and planting. Approximately 6,000 acres will be planted during 1967-68 and, after allowing for clear felling and for fire losses, the total area of State pine plantations will be about 175,000 acres at the end of June. The sum of \$380,000 for the purchase of land suitable for forestry as it becomes available; and \$217,000 to complete the purchase and installation of log debarking, chipping and bandline equipment at the Mount Burr sawmill.

The total amount required for forestry development and associated mill works in 1967-68 is \$2,300,000 but, as \$300,000 is expected to be made available by the Commonwealth Government under special legislation to encourage forestry, \$2,000,000 is the probable requirement of Loan funds. The Commonwealth legislation provides for advances to each of the six States in the period of five years to June 30, 1971. The advances are to be made to meet a proportion of the cost of new forestry development, provided that the total acreage planted in any year exceeds a specified base figure—in the case of South Australia a base figure of 4,500 acres. The States will not be liable for interest and repayment instalments until the expiration of 10 years from the making of each advance.

RAILWAY ACCOMMODATION, \$5,800,000—The sum of \$2,110,000 is required this year for the Way and Works Branch, the main proposals being: \$1,896,000 to meet the cost of sundry works, such as track relaying, bridges and culverts, signalling and safety devices, minor buildings and improvements to yards, as they are required; and \$40,000 for the completion of ballasting and fencing as required for the new railway from Ceduna to Kevin. The

sum of \$3,690,000 is proposed for the Rolling Stock Branch in 1967-68, the more important provisions being: \$805,000 for progress payments under contracts for the construction of 21 diesel-electric locomotives and spares; 15 of these locomotives are already in service. The sum of \$1,456,000 to continue the construction of 20 suburban railcars, and \$98,000 for the construction of five workmen's sleeping vans. The conversion to 4ft. 8½in. gauge of the existing narrow gauge railway from Port Pirie to Cockburn and the extension of the 5ft. 3in. gauge from Terowie to Peterborough, the funds for which are being provided initially by the Commonwealth Government under standardization arrangements, are proceeding satisfactorily. Further progress involving an expenditure of approximately \$9,600,000 from Commonwealth Government funds is proposed during 1967-68.

HARBOURS ACCOMMODATION, \$2,055,000—There are three main proposals for 1967-68. The first is for \$665,000 to continue work on widening and deepening the river channel between the outer and the inner harbours of Port Adelaide. This major scheme, which is necessary to cater for the larger ocean-going cargo ships now in general use, includes extending the Outer Harbour swinging basin, providing beacons in new positions and reclaiming low-lying land. The second is for \$600,000 to commence work on the provision of bulk loading facilities at Giles Point on southern Yorke Peninsula. The scheme is designed to provide a berth depth of 32ft. and a 400-ton an hour loading rate. Investigations reveal that these facilities are adequate for present needs but can be readily adapted to a 38ft. depth and an 800-ton an hour loading rate at a relatively minor additional cost should future developments prove this necessary. The third is for \$90,000 to complete the reconstruction of Smelters wharf at Port Pirie.

FISHING HAVENS, \$80,000—Expenditure this year is proposed as follows: \$28,000 to complete additions to the jetty at Kingston (South-East); \$30,000 to commence work on the extensions of the jetty at South End; and \$22,000 for various minor works.

WATERWORKS AND SEWERS, \$27,000,000—The major provisions for 1967-68 are as follows:

Morgan-Whyalla and Iron Knob Water Supply—The sum of \$2,047,000 is provided to continue work on the duplication of the Morgan-Whyalla main, the estimated cost of which is about \$30,000,000.

Adelaide Water District—The sum of \$637,000 is provided for additional pumping plant for the Mannum-Adelaide main. This work, required to meet the increasing demand for water in the metropolitan area, will provide for the optimum capacity of the main. Provision of \$150,000 is made in 1967-68 for a start on the Murray Bridge-Hahndorf main. The scheme will augment the metropolitan water supply by pumping water from the Murray River at Murray Bridge and lifting it through three pumping lifts over the Mount Lofty Ranges for discharge into the Onkaparinga River. An amount of \$1,410,000 is provided for further work on the Kangaroo Creek reservoir which will have a capacity of about 6,000,000,000 gallons and will augment the supply of water to the metropolitan area.

Country Water Districts—An amount of \$395,000 is required to complete the work on the Middle River Scheme, Kangaroo Island. The scheme is estimated to cost \$1,607,000 and the expenditure to the end of June last was \$1,212,000. An amount of \$3,067,000 is provided to continue work on the construction of a main from the Murray River at Swan Reach to Stockwell. Provision of \$448,000 is made to continue work on a pumping station at Tailem Bend to serve the first section of the trunk water main from Tailem Bend to Keith. Main-laying has ceased temporarily so that available funds may be used for more urgent works.

Tod River Water District—The sum of \$870,000 is provided for further work on the enlargement and replacement of the old Tod trunk main.

Beetaloo, Bundaleer and Baroota Water District—The sum of \$60,000 is provided to improve the water supply at Port Pirie to cater for development by Broken Hill Associated Smelters and for additional housing. The amount of \$157,000 is provided to continue work on the enlargement and extension of the Yorke Peninsula water supply system.

Adelaide Sewers—The work on the Bolivar sewage treatment works will continue during 1967-68 and \$3,200,000 is provided for this purpose. The sum of \$614,000 is proposed for reconstruction of sewers in 1967-68. Of this amount \$274,000 is proposed to continue work on the reconstruction of the south-western suburbs drainage area.

Country Sewers—The sum of \$370,000 is provided to commence work on the Mannum sewerage scheme, which is necessary to prevent

the possible pollution of Murray River water. An amount of \$500,000 is provided for further work on the sewerage scheme at Whyalla.

MURRAY RIVER WEIRS, DAMS, LOCKS, ETC., \$2,800,000—The cost of capital works undertaken in terms of the River Murray Waters Agreement is shared equally by the Commonwealth and the States of New South Wales, Victoria and South Australia. The Government's Loan programme for 1967-68, as explained two weeks ago by the Treasurer and as authorized by this Bill, has proposed South Australian contributions of \$2,500,000 towards work at Chowilla estimated to cost \$10,000,000 and \$300,000 towards other Murray River capital works estimated to cost \$1,200,000.

Because the tenders received for construction of the Chowilla dam wall and associated works proved to be much higher than the estimate, the River Murray Commission decided to re-examine the benefits expected to result from the scheme. As honourable members are aware, the commission at its meeting last week decided that work at Chowilla should be deferred for an unspecified period so that further very detailed investigations could be made. The Government is now proceeding to seek assurances from the Commonwealth and the other States concerned that they will participate in arrangements which will assure this State of adequate water supplies during restriction periods. Whether this will mean a scheme at Chowilla of the full volume previously planned, an alternative at another location, or a smaller scheme at Chowilla supplemented elsewhere, must be worked out quickly. Meanwhile the provision contemplated in the Loan programme and this Bill must stand, though its ultimate use might be in a somewhat different fashion and possibly be somewhat later than was anticipated when the Estimates were presented in another place.

GOVERNMENT BUILDINGS, LAND AND SERVICES, \$23,650,000—

Hospital Buildings, \$9,060,000.

The main proposals for 1967-68 are:

Royal Adelaide Hospital—The sum of \$5,915,000 is provided for further work on the rebuilding scheme for the Royal Adelaide Hospital. The complete scheme involves the erection of an administration and kitchen block, an outpatients' block, a theatre block, a ward block of 550 beds, a boilerhouse and a new nurses' home. An amount of \$800,000 is provided to continue work on the construction of a new seven-storey building to provide additional accommodation at the dental hospital.

The Queen Elizabeth Hospital—The sum of \$100,000 is provided to commence the construction of major additions at the hospital involving a new nine-storey ward wing with specialist wards and laboratories, an additional floor over the existing ward block, extensions to the outpatients' block and the theatre suite, a new pharmacy, and additions to the medical officers' accommodation and the nurses' home.

Glenside Hospital—The sum of \$200,000 is proposed to commence the construction of a new kitchen at the hospital to replace the existing kitchen which is completely outmoded and which is unsuitable for a satisfactory rehabilitation scheme.

Strathmont Hospital—An amount of \$130,000 is provided to commence the construction of the new Strathmont Hospital to provide a training centre for the intellectually retarded.

Port Pirie Hospital—The sum of \$100,000 is proposed to commence work on a number of improvements at the Port Pirie Hospital including alterations to the children's ward and dispensary, and the provision of new roadways.

Institute of Medical and Veterinary Science—An amount of \$400,000 is proposed to commence work on the construction of a new wing at the institute to provide additional and improved accommodation to enable the institute to carry out its work efficiently and meet the increasing demands which are being made upon it. The sum of \$60,000 is provided to commence the construction of a laboratory building at the Berri Hospital to provide pathological services for the Murray River areas.

SCHOOL BUILDINGS, \$10,650,000—For 1967-68 the proposals for school buildings and associated works total \$12,450,000 and the ways in which the funds are to be used are as follows:

	\$
Work under 19 projects with a total value of \$9,636,000 for new schools or major additions to schools, technical colleges, and Bedford Park Teachers College, which were in progress at June 30, 1967	4,158,000
The commencement of 17 projects with a total value of \$6,813,000 for new schools or major additions to schools and Raywood Training Centre	3,263,000
Work on craftwork centres, change rooms and typing rooms	179,000
Prefabricated classrooms or classroom equivalents	1,700,000
Samcon school units and components	100,000

	\$
Purchase of land, buildings and residences for school purposes	1,000,000
Minor works, including grading and paving of school yards, fencing, roadways, toilets and facilities, furniture and equipment, subsidized works, and preliminary investigations and design	2,050,000
	\$12,450,000

Included in the proposed expenditures are science laboratories and technical colleges towards which Commonwealth contributions of about \$1,800,000 are expected so that the net requirement of Loan funds is \$10,650,000.

POLICE AND COURTHOUSE BUILDINGS, \$600,000—The sum of \$150,000 is provided to commence work on the second stage of new and improved accommodation at Fort Largs to make it suitable for use as a Police Training Academy, while \$30,000 is proposed to commence the erection of a new police station at Snowtown, and \$34,000 is required for alterations to the Adelaide Juvenile Court to provide improved facilities.

OTHER GOVERNMENT BUILDINGS, \$3,340,000—The major proposals for 1967-68 are:

Agricultural College Department—The sum of \$361,000 is provided to complete construction of a new agricultural engineering centre, science laboratory and plant breeding centre, which will enable the college to provide modern teaching facilities of a much higher standard than formerly. The Commonwealth Government is making grants to the State under technical training arrangements, which are being applied towards this project.

Agriculture Department—The sum of \$40,000 is proposed to commence construction of a laboratory and offices at Kybybolite Research Centre, while \$37,000 is required to complete construction of a new dairy shed at Northfield.

Department of Social Welfare—An amount of \$30,000 is provided to commence work on extensions to the dormitory and classroom wing at Brookway Park, \$30,000 to commence additions at the junior boys' training school at Lochiel Park, and \$30,000 for addition at Windana Remand Home, Glandore.

Prisons Department—The sum of \$143,000 is required to complete construction of a new building at Cadell Training Centre to provide improved dormitory accommodation, messing and recreational facilities, while an amount of \$117,000 is required to complete the provision of improved accommodation at Yatala Labour Prison.

Public Buildings Department—With the object of providing a more efficient service the department proposes to provide district offices and workshops at various centres in the metropolitan area and in country districts. The sum of \$240,000 is proposed this year to establish depots at eight country and five metropolitan centres.

New Office Building, Victoria Square—An amount of \$1,435,000 is provided for further work on the construction of a multi-storey building in Victoria Square to provide central office accommodation for about 1,600 public servants.

SOUTH AUSTRALIAN HOUSING TRUST—As in recent years, it is not proposed to make provision for direct advances to the Housing Trust from Loan Account during 1967-68. The greater part of the trust's new money will be from funds borrowed under the provisions of the Commonwealth-State Housing Agreement at a concessional interest rate of 1 per cent below the current long-term bond rate. For this year the allocation proposed is \$10,150,000. The trust will continue the practice of borrowing part of its requirement of new money direct from lending institutions, and \$4,100,000 of semi-governmental borrowing authority has been set aside for this purpose. The trust also has the use of funds recovered from the sale of houses and certain internal funds, such as maintenance and depreciation provisions, as well as its surplus on current operations. From all sources it is expected that it will have funds capable of financing a capital programme of \$27,620,000.

The Government proposes that the trust should henceforth concentrate its activities more in the provision of relatively low-cost housing, particularly in the rental field. The provision of houses for sale to people who want and are prepared to pay for housing somewhat above the basic standard can be handled satisfactorily by private enterprise. This rearrangement of the responsibilities of the trust should produce a more effective overall housing programme by using a greater proportion of funds provided by private operators and at the same time by directing more Government funds to the kind of housing that private enterprise is not in a position to build. However, it is inevitable that a greater concentration on rental housing, with funds committed for longer periods, will ultimately mean some reduction in the number of new units built each year by the trust.

The general dissection of the trust's capital programme of \$27,620,000 planned for 1967-68 is \$7,500,000 for rental housing, \$6,640,000 for rental-purchase housing, \$10,755,000 for houses for sale, \$1,000,000 for flats, \$1,250,000 for shops and industrial premises and \$475,000 for miscellaneous items.

ELECTRICITY TRUST OF SOUTH AUSTRALIA—
LOAN TO, \$6,700,000—The trust proposes to spend \$29,600,000 on capital works during 1967-68. The sum of \$6,700,000 is to be provided from State Loan funds; \$9,300,000 to be raised by the trust from financial institutions and the public, with the balance of \$13,600,000 to be met from the trust's internal funds. The main proposals included in the programme are: An amount of \$11,990,000 to continue work on the Torrens Island power station. Of this, \$5,650,000 is for Stage I, comprising the first two 120,000-kilowatt turbo-generators with associated boilers and ancillary equipment, the second of which is scheduled for operation in March, 1968. The sum of \$6,340,000 is for work on Stage II of the station, which will accommodate a further two 120,000-kilowatt units required for service in 1969 and 1971; \$1,700,000 for further work on the 275,000-volt transmission system connecting the Torrens Island power station to the existing transmission system and providing supply to the southern metropolitan area and southern country districts; \$40,000 for final payments on the transmission line from Whyalla to Port Lincoln and \$60,000 for the transmission line from Port Augusta to Whyalla; \$410,000 for construction of a 132,000-volt transmission line and associated substation equipment to supply the new electrolytic zinc plant and associated loads at Port Pirie; \$110,000 for final work on the construction of a new 132,000-volt transmission line from Waterloo to Morgan; \$87,000 for a transmission line from Naracoorte to Frances; \$100,000 for the purchase of the Penola electricity undertaking (the final amount has not been determined); \$2,953,000 for miscellaneous transmission lines and associated work to augment and improve supply throughout the State; \$3,720,000 for the purchase of large transformers, circuit breakers and other major items of equipment; \$3,160,000 for extensions and improvements to the medium and low-voltage sections of the general distribution system throughout the State; \$1,000,000 for rural extensions; \$820,000 for the purchase of transformers required for the general distribution system and for rural supply; and \$1,480,000 for metering and control equipment.

LEIGH CREEK COAL FIELD—The \$362,000 proposed in 1967-68 will be met wholly from internal funds and provision in the Bill is not required. The sum of \$345,000 is for the replacement of plant, machinery and vehicles, and \$17,000 for buildings and miscellaneous services. The Leigh Creek coal field has reached its designed output capacity of 2,000,000 tons of coal per annum.

UNIVERSITY AND ADVANCED EDUCATION BUILDINGS, \$4,000,000—This provision is for grants towards new buildings, site development, and major items of furniture and equipment for the University of Adelaide, the Flinders University of South Australia, and the South Australian Institute of Technology. All of the projects for which grants are proposed are within special arrangements set out in Commonwealth legislation, the general policy being that the Commonwealth provides \$1 for each \$1 provided by the State towards approved projects. The individual works involved have been investigated and recommended by the Australian Universities Commission, in the case of the two universities, and by the Commonwealth Advisory Committee on Advanced Education in the case of the Institute of Technology. Each body makes its recommendations for three-year periods, the present triennium comprising the calendar years 1967, 1968 and 1969. A review of the probable progress on approved works at the three institutions indicates that \$4,000,000 will be required in 1967-68. The \$4,000,000 is a gross figure and, as the Commonwealth contribution of \$2,000,000 will be taken in as a Loan repayment when received, the net impact on the Loan Account of these particular works is expected to be \$2,000,000.

NON-GOVERNMENT HOSPITAL BUILDINGS, \$3,000,000—The major building projects at non-government hospitals for which the Government proposes to make grants out of Loan Account this year are as follows:

Adelaide Children's Hospital—The Government has agreed to contribute \$2 for each \$1 provided by the hospital itself to assist in the building of a new home designed for 151 nurses and estimated to cost \$1,750,000. A grant of \$600,000 is proposed this year towards the project, which is expected to be completed in 1968-69.

Home for Incurables—The Government is meeting the full cost of a new home, the estimated cost of which is about \$3,300,000. In addition, the Government has agreed to contribute \$2 for each \$1 provided by the home

itself towards furnishings and fittings estimated to cost about \$300,000. Work on the building has been completed, the \$500,000 provided this year being for ancillary services and towards furnishings and fittings.

Queen Victoria Maternity Hospital—The Government is meeting the full cost of a new 150-bed hospital building and major alterations to the existing building, the estimated cost of the work being about \$3,500,000. A grant of \$160,000 is proposed this year for work which will complete the project. The new building is already in use while renovation work continues on the old building.

Whyalla Hospital—At Whyalla a new 150-bed hospital building was completed early in 1967 and a grant of \$80,000 is proposed this year to cover final payments. The total cost will be in excess of \$2,000,000.

EXPENSES AND DISCOUNTS OF FLOATING CONVERSION AND PUBLIC LOANS, \$200,000—The terms and conditions of issue of conversion and new cash loans will determine expenditure under this heading during 1967-68. As the amount required can vary markedly from one year to the next, an accurate assessment of the provision necessary is not possible. However, bearing in mind that the requirement in the past two years has been \$192,000 and \$185,000, it is considered that the \$200,000 proposed should give reasonable cover.

MINES DEPARTMENT—BUILDINGS, PLANT, ETC., \$220,000—The sum of \$220,000 is provided this year for capital items to be used in the programme of exploration and development of the State's mineral resources.

PRODUCE DEPARTMENT—BUILDINGS, PLANT, ETC., \$100,000—Of this provision, \$60,000 is set aside for Port Lincoln freezing works, for the completion of alterations to enable the works to meet treatment requirements for the export of meat to the United States of America, for the rehabilitation of the bacon factory, and for other improvements.

EDUCATION DEPARTMENT—SCHOOL BUSES, \$270,000—This amount is set aside for the purchase of additional and replacement buses for the transport of schoolchildren in country areas.

PUBLIC SERVICE COMMISSIONER'S DEPARTMENT—DATA PROCESSING EQUIPMENT, \$70,000—The Automatic Data Processing Centre has been set up to process commercial type work and also ultimately to perform calculations of an engineering and scientific nature. Quarterly water and sewer rate accounts,

teachers' salaries, and agriculture herd statistics are being processed. Preparatory work is continuing for the processing of motor vehicle registrations and associated records, and preliminary planning has commenced for the processing of land tax records. An amount of \$70,000 is provided for the purchase of additional equipment.

I turn now to the clauses of the Bill. Clause 3 defines the Loan Fund. Clause 4 provides for borrowing by the Treasurer of \$71,820,000. This is the amount of South Australia's allocation for works and purposes arranged at the June, 1967, meeting of Loan Council.

Clause 5 provides for the expenditure of \$82,560,000 on the undertakings set out in the First Schedule to the Bill. Clause 6 authorizes certain advances during 1966-67 for the undertakings set out in the Second Schedule. As no authority, or insufficient authority, was included in the Public Purposes Loan Act of 1966, appropriation was given by warrant by His Excellency the Governor under powers conferred on him by the Public Finance Act.

Clause 7 makes provision for borrowing and payment of an amount to cover any discounts, charges and expenses incurred in connection with borrowing for the purposes of this Bill. Clause 8 makes provision for temporary finance if the moneys in the Loan Fund are insufficient for the purposes of this Bill. Clause 9 authorizes the borrowing and the issue of \$30,000,000 for the purpose of financing Loan undertakings in the early part of next financial year until the Public Purposes Loan Bill for 1968 becomes effective.

Clause 10 gives the Treasurer power to borrow against the issue of Treasury bills or by bank overdraft. The Treasurer possesses and may exercise this authority under other legislation, but it is desirable to make the authority specific year by year in the Public Purposes Loan Bill as is done with other borrowing authority. Clause 11 deals with the duration of certain clauses to the Bill. Clause 12 directs that all moneys received by the State under the Commonwealth Aid Roads Act shall be credited to a special account to be paid out as required for the purposes of the Commonwealth Aid Roads Act. Clause 13 provides for this Bill to operate as from July 1, 1967. I commend the Bill to honourable members.

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

GOLD BUYERS ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from August 9. Page 1143.)

The Hon. R. C. DeGARIS (Leader of the Opposition): This short Bill removes from section 15 of the principal Act the provision that a gold buyer's licence shall not be issued to any Chinese person. Two sections of the principal Act are amended—sections 3 and 15. The gold buyers legislation was originally introduced by a Labor Government in 1916. As I understand it, the question of legislation along these lines was discussed at Premiers' Conferences for almost 10 years before finally legislation was introduced. From reading the second reading speeches made when the Bill was introduced in 1916, I can find no reference to why Chinese people or people who had a Chinese father or mother should not be registered under the Gold Buyers Act. Section 15 (b) of the principal Act contains another discrimination. The section reads:

A gold buyer's licence or a licence to buy wrought gold or a licence to buy and sell precious stones shall not be issued—

- (a) to any Chinese person; or
- (b) to any person who holds any licence under the Acts relating to licences for the sale of alcoholic liquor.

So there are two classes of person who cannot hold a licence under the Act.

The Hon. Sir Norman Jude: The Aborigines would be all right now, would they not?

The Hon. R. C. DeGARIS: They always were all right; they were not included in the section. The two exclusions were "any Chinese person" or "any person who holds any licence under the Act relating to licences for the sale of alcoholic liquor". In the second reading explanation in 1916 no reason was given for the exclusion of either of these two categories. Indeed, it is interesting to note that since 1916 no amendment has been made to the Act until now.

The Act contains some interesting sections—sections of which, once again, no explanation was given during the second reading stage of the Bill in 1916. For example, section 25 provides:

A licensee shall not, by himself or any other person on his behalf, permit or suffer—

- (a) any buyer or seller of gold, silver, wrought gold, wrought silver, or precious stones . . . to enter or leave his premises except by the front door thereof.

I cannot quite see the reason for this, either, but the Act came into force in 1916, and, as far as I can discover, this is the first amendment to it. At the end of the Act there is a schedule "Fees for Licences". The Government has probably overlooked the fact that the schedule is there; otherwise, that, too, may well have been altered. I find the Bill unobjectionable and support the second reading.

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

STATE GOVERNMENT INSURANCE COMMISSION BILL

Adjourned debate on second reading.

(Continued from August 9. Page 1150.)

The Hon. G. J. GILFILLAN (Northern): First, let me pay a tribute to those who have spoken before me for the clear picture they have drawn of Government insurance in Australia. It is not necessary to repeat all that has been said about Government Insurance Offices because it has been shown clearly that in other States they have brought no benefit to the general public. It is hard to find a really good reason for the Government's introducing this type of legislation. One reason offered was the accusation that there had been some unfair practices in the administration of our independent insurance companies. However, it is interesting to note that no illustration has been offered to substantiate this argument. Certainly, if one compares the situation in South Australia with the Government Insurance Offices in other States, as outlined by previous speakers, there appears to be no benefit to be gained by such an office: in fact, it could react to the detriment of the South Australian community, because further competition unless it is on a fair and equal basis will undoubtedly add to the cost of insurance.

Unfair competition is one of the points about this Bill that should cause concern to all thinking people, because the proposed Government Insurance Office will start with considerable trading advantages. It is proposed to raise the necessary money from Consolidated Revenue, and clause 19 (5) provides that the finance shall be on such terms and conditions as he (the Minister) thinks fit. This in itself is an advantage that this office will have over the independent companies, which have to obtain their finance on the open market. In addition to that, there are the many taxation advantages that the proposed office will enjoy. Subclause 12 (5) states:

The Commission may, with the approval of the Minister and the consent of the Minister controlling any department of the Public Service of the State, and on such terms as may be mutually agreed upon make use of the services of any of the officers or employees of that department.

The words "on such terms as may be mutually agreed upon" are important. There is a large network of departments, many of which are in constant contact with the public and which are in a position not only to persuade people to insure with the Government Insurance Office but in many instances are able to bring pressure to bear on them, for example, in the field of finance for houses. Not only will the insurance office have a trading advantage in finance and taxation but it will also have a great advantage in being able to make use of the services of any of the officers or employees of the Public Service. Clause 12 is a vital one to those people who believe in free and open competition, and is one that should not be in the Bill.

When one looks for the reasons for setting up this office, one must go further than the reasons that have been expressed by the Government in introducing the Bill. It is obvious that this Bill is a move by the Government to give effect to one of the platforms of the Labor Party. The Government proposes to initiate a socialistic enterprise of this description with unfair trading advantages. Although a comparison with other States has been made, it is South Australia alone that should be considered. It is interesting to recall that only a short time ago, following the Australian Labor Party conference in Adelaide, Mr. Whitlam, the Leader of the Opposition in the Commonwealth Parliament, was interviewed on *Four Corners*. Although he avoided answering a number of questions directly, he made an interesting statement that I cannot quote word for word, but in context he implied that if a Labor Government were in power in Canberra it would not be necessary for it to obtain control of the banks. It would be in a position to initiate its policy by the allocation of Loan funds to the States and by attaching conditions to those funds that would force the States to enter into competition with private enterprise.

The main subjects mentioned in that interview were finance and insurance, so it is obvious that the sole reason for the Bill is to provide not a better service to the public but to initiate legislation that will further the platform of the Labor Party in South Australia. This should give concern to all who

are interested in the further progress of the State, as in the future other enterprises could be similarly threatened. For this reason alone I consider that the Bill is a bad one and that it is a retrograde step in the State's history.

The Hon. S. C. Bevan: Don't you believe in competition?

The Hon. G. J. GILFILLAN: I believe in honest competition on a fair and equal basis.

The Hon. R. A. Geddes: The Government's job is to govern.

The Hon. G. J. GILFILLAN: I consider that this is the whole point at issue.

The Hon. D. H. L. Banfield: Who's going to run our railways?

The Hon. G. J. GILFILLAN: I shall return to the question of the railways a little later. The question of mandate is an interesting one, because there appears to have been some doubt about this recently, and certain claims have been made on both sides of the Council. Over the weekend I took the opportunity to read the Hon. Frank Walsh's policy speech made prior to the last elections. This is something that all honourable members should do occasionally, in order to refresh their memories. It is an interesting document in many ways, particularly in view of the claims that have been made recently about what this Government has done since it has been in office.

The Hon. D. H. L. Banfield: Have you a spare copy of it?

The Hon. G. J. GILFILLAN: I can easily get a spare copy for the honourable member.

The Hon. D. H. L. Banfield: Mine is in great demand and I am always lending it out.

The Hon. G. J. GILFILLAN: If I am able to assist the honourable member I will be pleased to obtain a copy for him. He should be reminded of what is in the policy speech because of some of the claims he has made recently. Regarding insurance, Mr. Walsh said:

It is not my intention to deal with industrial matters at this stage, other than to mention that our policy on workmen's compensation in particular is to make provision for the right to receive workmen's compensation for any accident sustained whilst travelling to or from the place of residence to the place of employment. It appears that as a step forward concerning the implementation of this very necessary provision, a long overdue measure, it will be required that our Party consider the establishment of a State Insurance Commission, and a further factor that may also be considered is that, whilst it is recognized that workmen's compensation insurance cover for all

persons must be provided, it is also compulsory for all people who desire to register a motor vehicle to have third party compulsory insurance. Under Government instrumentalities, when things become compulsory, I believe that it is reasonable to give consideration to the right of the individual to have a choice of insurance.

I believe those words "consider" and "consideration" imply something quite different from the legislation before us, particularly as the policy speech referred to only two sections of insurance, and even then only implied that the Government intended, within the life of this Parliament, to consider those points.

The Hon. D. H. L. Banfield: Having considered it, it has learnt something about it. People in the honourable member's Party are always considering things but they never come up with a concrete decision.

The Hon. G. J. GILFILLAN: That is an interesting interjection, especially when we compare the discussions on planning we have had in this Parliament over the last two and a half years with the lack of positive results. On the question of a mandate, I should like to refer to an interesting statement that appeared in the *News* on Wednesday, August 2: it began with big, black headlines: "Dunstan firm on insurance". Later in the article, Mr. Dunstan was reported as saying that, if the Legislative Council rejected the measure, he would make Government insurance an issue at the next election. This is very interesting because it is a far more definite statement than any that was made in the Labor Party's last policy speech. Later still in the article Mr. Dunstan is quoted as saying:

We have a clear mandate from the people to enter into all insurance fields.

He further explained this by saying:

Both the former Leader, Mr. Walsh, and myself said on a number of occasions we would enter all fields. The Party platform in fact specifies all insurance risks.

What is a mandate? Is there one in the previous Premier's policy speech?

The Hon. S. C. Bevan: There can be various interpretations.

The Hon. G. J. GILFILLAN: Yes, and this is what I am coming to.

The Hon. Sir Norman Jude: One could be an instruction from Grote Street.

The Hon. G. J. GILFILLAN: Reverting to Mr. Dunstan's statement, I point out that Mr. Walsh, in his policy speech, certainly did not mention anything about Government insurance

of all risks and I cannot see what bearing any statements that Mr. Dunstan may have made as he travelled around the State have on setting up a Government Insurance Office. At that time Mr. Dunstan made many statements about many things, and if they were to be considered as a mandate we would be in a very poor situation at present—an even worse situation than that in which we find ourselves. I point out that Mr. Dunstan was not then the Leader of the Labor Party, but an Opposition backbencher in another place. If everything that every backbencher said as he travelled around the State was taken to be a mandate for his Party when it came to office, we would have a very unusual state of affairs.

The Hon. R. A. Geddes: What about the ton-mile tax?

The Hon. G. J. GILFILLAN: Yes; the lifting of the road maintenance tax on Eyre Peninsula was freely mentioned at meetings there at that time, and Mr. Dunstan, a legal man, was very firm in his opinion that this could be done.

The Hon. C. D. Rowe: That was before he became a Q.C.

The Hon. G. J. GILFILLAN: A careful reading of the Labor Party's last policy speech reveals other matters that were mentioned far more specifically than insurance; one was the reduction of bus and rail fares and rail freights—and we find that the reverse has actually occurred: there have been very steep increases. And we also find in the policy speech some interesting ways of raising finance, such as the amalgamation of the banks and the idea of taking advantage of a 7 per cent increase in the level of economic activity each year. However, this type of financing and the State's present financial position hardly provide a firm foundation for such a complex business undertaking as an insurance office.

This question of finance is very serious, and we must remember that no member of the Government has stated how much it will cost to set up a Government Insurance Office. The Government is again proposing to extend the very slender resources which it has left in an enterprise which may or may not be successful and may or may not give a service to the public. It will compete with private enterprise, which is already giving competitive service throughout the State. I believe that the Government is falling down on its obligation to the people of South Australia; it should be directing its energies and finances toward relieving some of the really serious problems

facing this State at present. This morning's *Advertiser* contained a report that South Australia now has the highest unemployment figures in Australia.

The Hon. A. F. Kneebone: Not figures.

The Hon. G. J. GILFILLAN: I stand corrected: the highest unemployment percentage in Australia.

The Hon. D. H. L. Banfield: The figures are 4,000 fewer than they were in September, 1961.

The Hon. G. J. GILFILLAN: The true test of the Government of a State lies not in comparing one year with another (because conditions were very different in 1961)—

The Hon. A. F. Kneebone: They are better now.

The Hon. G. J. GILFILLAN: —but in comparing one State with another State under similar conditions.

The Hon. D. H. L. Banfield: The Commonwealth was to blame then, but not now!

The Hon. G. J. GILFILLAN: I think we can take the average of Australia as a fair comparison when considering any criticism of the Commonwealth Government. The average unemployment for Australia is given in today's press as 1.4 per cent, and we must compare this with 1.9 per cent for South Australia. This may not sound a great difference at first, but it means that the South Australian unemployment figures are about 33 per cent greater than the Commonwealth average.

The Hon. D. H. L. Banfield: What is the average amount being spent by the Commonwealth in the various States?

The Hon. G. J. GILFILLAN: I cannot see that that has anything to do with the issue.

The Hon. D. H. L. Banfield: If it is spending money in a certain State more employment must be created in that State.

The Hon. A. F. Kneebone: The unemployment figure in South Australia was reduced last month, and it increased in Victoria.

The PRESIDENT: Order! There is nothing about employment in this Bill.

The Hon. G. J. GILFILLAN: I am tying this up with money that will be used to set up a Government insurance office, with the financial position of the State, and with other problems that exist in the State.

The Hon. S. C. Bevan: You could not tie that up with the Bill.

The Hon. G. J. GILFILLAN: In answer to the Minister who, in common with his colleagues (or one of them), is inclined to compare South Australia with Victoria, I point

out that the unemployment figure in Victoria is 1.2 per cent but South Australia is about 50 per cent worse off.

The Hon. A. F. Kneebone: I was speaking of the figure for last month.

The Hon. G. J. GILFILLAN: The Council is well aware of the comparison between the two States and that Victoria had a slight rise in unemployment while South Australia had a very slight fall. I believe that is not the answer nor do I think that South Australia should be boasting about this. When comparing the two States I think something positive should be done to improve the position. The Government should not try to find comfort from the fact that we are about 50 per cent worse off in our unemployment figures.

The Hon. A. F. Kneebone: Not 50 per cent.

The Hon. G. J. GILFILLAN: The difference between 1.2 per cent and 1.9 per cent is .7 per cent; that is close to a half of 1.2 per cent. The question facing South Australia goes further than unemployment, although that is a serious matter, because many other people are suffering distress of one kind or another. They are the people we should be helping; not spending our resources, time, and energy on pushing forward socialistic legislation, in this case, which may not benefit anybody and in many cases will benefit only people already reasonably well catered for. Time and again we read statements in the press by Government spokesmen of the need to stimulate confidence in South Australia. I believe that this Bill is a direct contradiction of any statements that may be made to stimulate the economy of South Australia and to encourage private enterprise to invest in this State with confidence.

I need not labour the point because the various aspects have been covered by previous speakers. However, one or two other points could be mentioned; one is that many people have the idea that because we have substantial buildings in South Australia insurance is a profitable undertaking. It could be pointed out that the main large buildings in South Australia are owned by assurance companies—mutual assurance companies, which are, of course, owned by policy holders within those companies.

I believe we should examine four items: first, the principle, or reasons involved, in considering this type of undertaking; secondly, the mandate, if any such mandate exists; and thirdly, the financial aspect and its implications.

Finally, and most important, I believe we should consider the protection of the public against undue pressure in their choice when insuring. An enterprise is proposed that could cost the State a substantial amount of money, in the first instance, if it is not profitable, and most Government enterprises are not. It could then cost the taxpayer further money with little obvious benefit to the public.

I know that third party and workmen's compensation insurance is controversial because it is often found that the full obligation can be decided only in a court of law. Naturally, this makes any insurance company careful when dealing with a claim of this type because a company has a responsibility to meet. On the other side, some unfair claims may also be made. We must not assume that all insurance companies are villains, neither must we make the same assumption—

The Hon. A. F. Kneebone: Then you are admitting that some of them are villains?

The Hon. G. J. GILFILLAN: No, I am not admitting that. Neither must we assume that all claimants are dishonest. Those are two sections of the insurance field, and I believe a Government could find it embarrassing—particularly a Labor Government—to handle some of the complaints. With reference to workmen's compensation claims, I think the Government could be placed in the responsible position of having to, in some instances, oppose the claims of those who may be its supporters.

The Hon. D. H. L. Banfield: I understand the Government is prepared to accept that responsibility.

The Hon. G. J. GILFILLAN: I understand the Minister is prepared to accept it, if I read the Bill correctly. The various other types of insurance are mentioned in the Bill and they cover a large field. I have not heard any complaints from people in connection with other fields of insurance; in fact, most people seem to think they have been more than fairly treated. I refer specifically to fire and, in some cases, hail and storm damage. I have heard from many people who have had cause to claim in those fields and they have said how well they have been treated; many have been surprised at the generosity of the insurance companies.

In summing up, I believe protection of the public is important and in this respect I believe the Bill to be a particularly bad piece of legislation. In setting up this Government Insurance Office heavy pressure could well be

brought to bear on members of the community, on local government bodies, and on members of organizations with a financial obligation to the many Government departments and financial organizations. I will defer my final decision on the Bill until the third reading so that it may be examined in Committee, and then my decision will depend on how extensively it has been amended. I will not support the Bill in its present form.

The Hon. C. M. HILL (Central No. 2): I find some repetition of points already made unavoidable, but I will endeavour to keep that to a minimum. I appreciate the views honourable members have expressed on this measure and that, judging by their remarks, they have not arrived at the same conclusions. I respect the attitudes that members have taken so far in this debate. I have been endeavouring to play some part in shaping the legislation to conform to the wishes of the people. By "the people", I mean those from all walks of life. At one end of the scale in regard to this matter we have the householders, for example—people of moderate means—whom I have found to be quite interested in this measure. At the other end of the scale we have the very large interests of the insurance industry which, of course, also is vitally interested.

I do not take a great deal of notice of some of those who have complained about insurance in the past, because I am sure that a Government Insurance Office, if it was run on the businesslike lines on which it should be run, simply would not be able to accept proposals from some of those people who have lodged complaints so far.

My own personal view is that there is no need for this legislation, and I think it is extremely unwise for this Government to press this matter as it is doing. I mention, too, some of the very strong letters that I have received from people in my district opposing this measure. Typical of these letters is one that I have in front of me from a lady who lives on Greenhill Road, Parkside. She wrote very briefly in this manner:

I write to stress my strong opposition to the Government Insurance Bill. The Government's duty is to govern, and this most certainly means not entering into competition with private enterprise.

The Hon. S. C. Bevan: Was that prompted?

The Hon. C. M. HILL: I do not know. I am prepared to admit that some letters both for and against this measure have been prompted. On the other hand, I am also sure

that some letters have been written in the deepest sincerity. I assure the Minister that some supporters of the Party I represent here have extremely strong, sincere and genuine feelings in regard to their opposition to this Bill. I believe that the real reasons why we have the measure before us are, first, that the Government is furthering its policy of Socialism and, secondly, that it hopes to make some money.

The Hon. S. C. Bevan: That is not a bad admission.

The Hon. C. M. HILL: I am pleased that what I have said has not been refuted. I take it that those are the real reasons, and those reasons, of course, were not the reasons given in the Minister's second reading explanation.

The Hon. C. D. Rowe: The Government has a lot of hopes of making money.

The Hon. C. M. HILL: Yes. I do not want to be obstructive in regard to this Bill. I have not been obstructive since I have been here, and I do not think any other honourable member in Opposition in this Council has been obstructive.

The Hon. D. H. L. Banfield: Or constructive.

The Hon. C. M. HILL: To support my contention, I mention in passing that in the first session of this present Parliament 97 Bills were considered in this Chamber and only five were lost or laid aside. In the second session, in 1966-67, 87 Bills were considered and only three were either negatived or laid aside in this Council. This means that only eight Bills out of a total of 184 were negatived or laid aside.

I am prepared to yield to a degree on an insurance measure in keeping in some respects and in some broad terms with the explanation given by the Government, especially as to the Government's intentions during the early years of the proposed commission's establishment. Its intentions have been plainly stated, namely, that it will be quite satisfied if its beginning is established in a relatively small way. I have an amendment that I propose to place on members' files. This amendment gives effect to endeavouring to contain these operations along the guide lines envisaged by the Premier in an explanation that he has given and by the Chief Secretary in his second reading explanation of this Bill.

The Hon. D. H. L. Banfield: How restrictive is it?

The Hon. C. M. HILL: It tends to prohibit the commission from writing policies in excess of \$30,000 for the first three years of its establishment, but it places no restrictions whatever in regard to the risks the Government has mentioned, such as motor vehicle insurance and workmen's compensation.

The Hon. D. H. L. Banfield: You are going to leave the big stuff for your mates.

The Hon. C. M. HILL: This, of course, indicates that the Government has well and truly got its eyes on the big stuff, and that is entirely contrary to the explanations given by the Premier and the Chief Secretary. Also, I entirely disagree that life assurance should be part of the measure. I seek some assurances that no pressure will be brought to bear on some lending institutions to see that their clients are in any way forced to give their insurance to a Government Insurance Office.

If the Government wants to proceed further I would be quite happy to let the matter go as an issue at the next election. I would be quite happy to accept that issue at the next election, and I am sure it would be fought as an issue upon the plank of Socialism which, of course, ultimately can lead to nationalization.

The question of mandate has been canvassed widely in this debate, and it is a matter that I have considered very deeply. I shall not repeat the part of Labor's policy speech concerning that matter, because the Hon. Mr. Gilfillan a few moments ago read out those paragraphs from the policy speech. The words from those he read that I consider important are these:

It appears that it will be required that our policy consider the establishment of a State insurance scheme.

The Hon. S. C. Bevan: What would that mean?

The Hon. C. M. HILL: I was just going to ask the same question.

The Hon. S. C. Bevan: It is all-embracing, isn't it?

The Hon. C. M. HILL: It is all-embracing with vagueness and indecision. Why did the Government not say in its policy speech, "We intend instituting a Government insurance scheme"? It did not do that because it was afraid. It was vote catching at the time, and it was afraid that it would lose votes if it put that in its policy speech. If the Government rests upon the words I have just read out and claims a mandate on those words, it must surely agree that it is an extremely indecisive mandate indeed, based on the policy speech.

About 2½ years has passed since that speech was made, and I think we are entitled to look at the public's present opinion of this Government and its policies generally. In my view, if public opinion was favourable the Government would be entitled to be confident to bring forward some certain measures going further than that policy speech. On this matter of the Government's record, when we come to consider the big issues, I do not think the Government enjoys the confidence of the people. These big issues have already been raised by honourable members in this debate, the reason undoubtedly being that they consider the Government does not enjoy the people's confidence and, therefore, does not enjoy a mandate or enjoys only a tenuous or indecisive mandate.

Of these big issues, State finance tops the list. What a shocking record the Government has in finance! We know that when it came to office it had about \$1,100,000 in reserve; that in its first full financial year of office it had to delve into trust funds to the extent of about \$9,000,000; and that in its second full financial year of office it was short by \$5,000,000, which it made up from Loan funds to meet its ordinary, everyday, Revenue Account expenses.

The Hon. Mr. Gilfillan mentioned unemployment. As he has pointed out, we have in that respect this month assumed the inglorious position of being the worst State in Australia, on a percentage basis. We nearly reached that point many months ago, and for a long time we were the second worst; but now we have slid even farther backwards. When the Labor Government took office, we were the second best State in respect of employment.

The Hon. A. F. Kneebone: More people were unemployed under the Liberal Government than there are unemployed at present.

The Hon. C. M. HILL: There are many other indicators by which honourable members can judge whether the Government enjoys the confidence of the people—for instance, motor registrations in this State. The monthly summary of statistics for Adelaide issued by the Commonwealth Bureau of Census and Statistics reveals that in June, 1965, the new vehicles registered in this State including station wagons, trucks and cars, numbered 3,917. That was after the Labor Government had been in office for three months. Twelve months later, the figure slipped back to 3,128; and 12 months later again, in June of this year, it went below the 3,000 mark, to 2,958.

Then there is the big issue of overtime, which has dissappeared from industry in this State—and that was one of the great boons that people who worked in factories and commercial establishments in this State enjoyed under the Liberal Government. Then we note the negligible industrial development now taking place and the position of the building industry. (I am restricting myself to only the very big issues.)

From the statistics that I have just mentioned, we find that in March, 1965, the value of new buildings commenced in this State was \$12,465,000, and in March 1967 (two years later, after the first two years of the reign of the Labor Government) that figure had slipped back to \$8,828,000. As regards general loss of confidence, I refer to part of a statement made on August 1 by the President of the Chamber of Manufactures in this State (Mr. F. R. Curtis).

The Hon. D. H. L. Banfield: A good Labor supporter!

The Hon. C. M. HILL: He has complimented the Labor Party from time to time; yet he says this about this Government:

I would suggest that the Government should pay more attention to its own basic responsibilities to the community if it is to succeed in its campaign to attract investment to the State. Mr. Dunstan is assuring potential investors that essential services will be provided by the Government. I wonder what these investors would think if they knew of the Government's plan to establish a Government Insurance Commission to compete with more than 150 companies already operating in the State—

The Hon. D. H. L. Banfield: Including the Chamber of Manufactures.

The Hon. S. C. Bevan: Including the Chamber of Manufactures.

The Hon. C. M. HILL: Including that organization. The statement continues:

in a field which is relatively unprofitable. If Mr. Dunstan is to assure these investors that South Australia is a suitable place for investment, it would be as well to give an assurance that he will not compete with them at a later date.

The Hon. A. F. Kneebone: Mr. Curtis would not want anyone to compete with him, either.

The Hon. C. M. HILL: The members of the Government Party, in their usual way of thinking, associate the comments of a gentleman like this with some self-interest and refer to the Chamber of Manufactures Insurance Ltd.; but in this Mr. Curtis is representing all industry of this State, the big employers of labour, who are disgusted with the record of this Government.

The Hon. S. C. Bevan: We can appreciate that.

The Hon. C. M. HILL: Despite this, this Government says, "We are confident and are going ahead to bring in this measure; we have a mandate to do it."

The Hon. R. C. DeGaris: You may as well say what the Plasterers Society said and get the matter on an even basis.

The Hon. C. M. HILL: I think I have something even more attractive, from my point of view. I come to the last question on mandate. When those people who are to be shareholders in any enterprise are asked to consider the venture, they look at the promoters and their record, and particularly the record of the chief promoter or the leader of the group proposing to launch or establish some large commercial scheme. In this measure, it is fair to say that the Government are the promoters and the chief promoter is the Premier. We are entitled to ask ourselves about (because we are all, as we have been told by the Government, to be shareholders in this venture) or question the ability and record of the Premier in this field of industrial or commercial establishment and commercial expansion and growth. I now refer to a report I read in the *Sunday Mail* of August 12 dealing with a speech—

The Hon. A. F. Kneebone: That will be a big help!

The Hon. C. M. HILL: —by the Premier. I shall read only what the Premier said.

The Hon. A. F. Kneebone: It is the newspaper editorial.

The Hon. C. M. HILL: This is what the Premier says.

The Hon. D. H. L. Banfield: According to the press.

The Hon. C. M. HILL: Because it hurts them, members opposite will say it is not true, that the newspaper surely must have made a mistake.

The Hon. A. F. Kneebone: Was it in the free space allotted to the Liberal and Country League?

The Hon. C. M. HILL: This is what the newspaper said:

A plea for a new kind of industry in South Australia was made tonight by the Premier, Mr. Dunstan. He suggested at the Commercial Travellers' Association dinner that there was a vast new potential for small factories to produce "craft" products for the tourist trade.

The Hon. Jessie Cooper: That sounds like Mr. Gandhi speaking.

The Hon. C. M. HILL: The article continued:

In his speech, Mr. Dunstan appealed for assistance from members of the business community at the dinner and said South Australia faced problems in future years unless its skills could be turned to technological and craft industries. . . . He said small factories could be set up in South Australia on similar lines to those in Scandinavian countries. The tourist products of these had high craftsmanship. This type of industry was important to South Australia.

The following is the most important paragraph, in my opinion:

Mr. Dunstan said the Government's Industrial Development Department would concentrate on developing this kind of industry, and he called on businessmen present to assist in the selling of these products in the interests of State development.

This is a man who has insulted the big employers of labour with his now wellknown "milk bar economy" phrase. This is the man who has an Industrial Development Department attached to the Government and who said last Saturday that this department was going to concentrate, as a means of developing the State, on this mysterious kind of craft industry—making products for the tourist trade. We do not know what these crafts are.

The Hon. Jessie Cooper: Spinning wheels.

The Hon. H. K. Kemp: Boomerangs.

The Hon. C. M. HILL: We conjured up thoughts of what these crafts might be. As expected, the *Advertiser* for the following day took up the matter and in delightful language echoed the thoughts of those who simply ridiculed what the Premier had said. Yesterday's *Advertiser* states:

The Premier must have made everyone curious to know more about his idea for developing craft industries in South Australia as a profitable tourist sideline. Could he be more explicit or must we wait, as he hinted, for his new Industrial Development Department to fill in the details over the next two years?

He has said just enough to conjure up an intriguing picture of South Australians, perhaps in native costume, working away in their cottages at their arts and crafts, dazzling the tourist with their skill as weavers and makers of shawls, singing over their wood carving, collecting shells in the Coorong and yodelling over their copper furnaces in the Flinders. This may not be exactly what Mr. Dunstan has in mind, but it is difficult to follow him on this new paperchase, and two years is a long time to wait.

The people who are to become shareholders in this industry are looking to the main promoter of it, and the main promoter is the Premier. If he were turning all of his ability

to getting the State moving industrially, to development, to growth and to expansion of the real kind so that the unemployed people could become employed again; if he could show respect for and encouragement to the big industries of the State so that they could employ more labour, then people would have much greater confidence in him as a promoter of a venture of this kind than they have when they hear such ridiculous twaddle as I have quoted.

When the Minister replies, I should like him to say whether the Government had carried out any research before it launched this proposal. There are investigating accountants of world-wide status and there are investigators employed by big accountants (Price Waterhouse and Company is one firm) with connections throughout the world who could be employed to carry out proper and intricate research into a venture of this kind. I should like to know whether any such investigation has been made, but I strongly suspect that none has been made.

The Hon. R. C. DeGaris: The Public Actuary would be a reasonable source.

The Hon. C. M. HILL: That might be so.

The Hon. A. F. Kneebone: That is not private enterprise, is it?

The Hon. C. M. HILL: I would be quite happy to have a report from the Public Actuary, but possibly the Government was frightened to go that far. When one studies the measure and realizes the real intention behind it one can understand why it was not referred to the Public Actuary for report. I now deal with the profitability aspect concerning this Bill.

In South Australia in 1965-66 the total premiums earned in the insurance industry were \$47,569,000 and the total expenses, including claims, were \$44,746,000, leaving \$2,823,000. I believe there are about 150 active insurance companies, over which this surplus must be spread, although I believe about 177 companies must submit statutory returns. Taxation must be paid and reserves must be set aside. The net profits are not very great. I am talking about trading profit, not income from investments. In Australia the average profits of all insurers for the five years ended 1965 were 1.4 per cent for all classes of business. Most insurance companies are relying on interest from investment of funds built up over many years to produce a reasonable return from their operations.

The Hon. A. F. Kneebone: How do they build up the reserves if they do not make a profit?

The Hon. C. M. HILL: They build up reserves. Out of the reasonable profits some money must be set aside for the reserves.

The Hon. D. H. L. Banfield: That is put on the expenses side.

The Hon. F. J. Potter: A few years ago they did not have big pay-outs.

The Hon. C. M. HILL: Last year, one company in South Australia thought that it had made a profit of \$55,000, but at the end of the year it had to set aside a reserve of \$50,000 for an accident claim. The claim has not yet been settled, and in recent weeks the solicitor for the company has advised the manager of the company that the claim will be about \$100,000. Reserves are needed for that kind of pay-out.

The Hon. A. F. Kneebone: I didn't say they didn't need reserves; I said, "How did they accumulate their reserves?"

The Hon. C. M. HILL: I am not saying that they do not make profit; I am saying that they make a very reasonable profit. Most insurance companies rely on interest from the investment funds, set up over many years, to provide a reasonable return from their operations.

The Hon. R. C. DeGaris: Even the Government Insurance Office in New South Wales is in that position.

The Hon. C. M. HILL: Yes. In 1966, the Victorian Insurance Commissioner said:

In these days of difficulties in underwriting most insurers rely heavily on income derived from the full investment of their funds to produce a favourable overall picture, and we cannot expect to be an exception.

The Tasmanian Government Insurance Office issued a report in 1966, in which the General Manager said:

It appears that we are becoming more dependent on interest from investments than insurance underwriting to maintain a reasonable surplus.

Regarding the profitability of State Insurance Offices elsewhere, I make the point that most of these offices have been established upwards of 50 years: the Victorian State Accident Office was established in 1914; Queensland, 1916; Tasmania, 1919; New South Wales, 1927. In the days of the establishment of these offices, the Workmen's Compensation Acts in force were entirely different from those operating today. There were few motor vehicles on the roads and

motor vehicle compulsory third party legislation was not introduced in Australia until the 1930's. Progressively over the years these classes of insurance have caused much concern and it is a fair statement that few, if any, companies can make profits from any type of motor insurance nowadays. This is not confined to Australia but is the world-wide position.

I gathered from interjections made earlier in the debate that some members of this Council believe that insurance companies never get into difficulties. However, I point out that many of these companies do get into difficulties. Quite a number of companies have, in fact, become bankrupt over recent years, including companies with representation in this State. The names that come to mind are: the Standard Insurance Company of New Zealand Ltd., the Seven Seas Insurance Company Ltd., the Australian Medical and Accident Insurance Company Ltd., the Australian and Overseas Insurance Company Ltd., and the Nottingham Insurance Company Ltd. In recent weeks here in Adelaide the Insurance Brokers of Australia Ltd. has got into very serious trouble, as reported in the trade gazette. Other companies have operated here but have withdrawn due to their inability to make a profit. The New India Assurance Company Ltd., which had quite a substantial register here, mainly in motor vehicle business, withdrew from operations in South Australia, Western Australia and Tasmania two or three years ago.

The Helvetia Swiss Fire Insurance Company Ltd. operated in all States for several years from 1956. It found the Australian market tough, and two years ago it packed up and sold its total Australian interests to a Sydney-based competitor. Therefore, insurance companies are not, automatically, profitable concerns, as some people seem to think.

I now turn to the competitive aspect, which is very important and must be considered by any undertaking that is contemplating the establishment of an office in South Australia. I shall give a short example to indicate the huge size of some of the proposed office's competitors here in South Australia. Let us consider the Insurance Company of North America. Its 1966 annual report showed a statutory underwriting loss of \$US4,958,000; in 1965 this loss was \$US14,660,000. The five-year average of such losses was \$US7,656,000. This company has been established for 175 years and it has investments totalling \$US1,533,069,000 and its total assets are valued in excess of \$US1,800,000,000. This company is now competing in South Australia.

We must appreciate the difficulties of the Australian insurer, in particular, in trying to compete with such a company. These companies are attracted by the volume of a large account; they are not serious competitors in the general domestic, commercial and industrial fields, because established companies have built up extremely sound goodwill and business and personal connections and they have managed to withstand this competition at these levels. It is the big account which attracts a competitor of this kind. Such a company is interested in the insurance proposition which produces a substantial premium sum in one proposal.

The Australian companies' rating structures are geared to their experience of Australian claims, cost levels, investment opportunities and taxation considerations. Whilst their financial backing is relatively substantial, it is no match for such international competitors. It would be suicidal for the Australasian insurer to accept a rating level which he knew would produce a loss, relying on investment income to return a profit to him. He must ensure that both his trading and investment practices are profit producing. Does the Government appreciate, without an inquiry, this competitive aspect of the problem of establishing a Government Insurance Office in South Australia?

I turn now to the question of re-insurance, which I do not think has been referred to in the debate so far. I shall take the example of the new Flinders University whose insurances were recently awarded to a non-tariff insurance group; about \$10,000,000 of fire insurance is involved. The proposition is that the Government Insurance Office underwrite this amount—if it obtains this—but for its own account it might only retain, say, \$50,000, that is, a half of 1 per cent. It would seek to re-insure the balance, 99½ per cent of the total. I have discussed this with the manager of an insurance company and he said:

If this insurance came to my books as a direct insurance, I would cede at least 50 per cent to the local market, spreading it among a number of tariff companies in return for a share of business on their books which they would cede to me. Since they are tariff insurers I know that their rating structure is identical with my own, so I know that the dollar they pay me is equal in value to the dollar I pay them. The balance I would cede by automatic internal book entry to oversea treaty re-insurers with whom we have entered into, say, a three-year contract, whereby they will automatically take a certain multiple of the amount I decide to keep for my branch account.

These treaty arrangements are on a reciprocal basis, whereby I will feed business to them only if back through my head office they feed business to us. In this way we enjoy fractional percentages of certain English portfolios, European portfolios or even international portfolios. The particular areas for which business will come and the type of business are, of course, studied at head office level before we commit ourselves to agreement. In this way, although I give away 99½ per cent of the university account, I virtually secure good reciprocal value for it.

What will the Government Insurance Office do in like circumstances? Will it enter into competition on a tariff basis, perhaps with certain licences to compete with non-tariff organizations where special circumstances might demand? If this is so, a not unreasonable situation may evolve whereby all business channelled through the Government Insurance Office would come to the local market in return for dollar-for-dollar reciprocity. However, this will be possible only if the Government Insurance Office adopts the tariff standards. If it declines to do so and establishes itself as a discount house, the tariff ranks will be closed.

Where then will the Government Insurance Office place its re-insurance? Under the current tariff system, a substantial measure of all premiums is passed around the offices here to the benefit of the local community.

It would be a sad event if the establishment of a Government Insurance Office cut this local exchange whereby re-insurance went completely from the State. I also see problems in the matter of treaty arrangements, because these offices must have their treaties with offices in Australia and with other offices overseas. I understand the position in Tasmania with the Tasmanian Government is that it has a treaty with a London insurer whereby a substantial measure of premium is collected in Tasmania and packaged up and sent off to the London market.

Is this the kind of operation that the Government wants to go into, or is the Government, not having made a proper investigation in this matter, envisaging that all its premiums are going to be retained in this State? I suspect at the present moment that that is what is envisaged.

The Hon. C. D. Rowe: We are entitled to know what is envisaged.

The Hon. C. M. HILL: Yes. The same question, of course, arises with motor vehicle insurance. We are all aware of the problems in regard to motor vehicle insurance. This

big motor insurance pool has to be re-insured also, because this risk has to be spread. As I see it, a South Australian Government insurance office will have only a South Australian portfolio to offer. No doubt, there will be a re-insurer somewhere who will be interested, but of course it will be interested only at a price.

We must bear in mind that under the present system the premium is spread throughout the entire market, finding its way in major part back into the community in that every branch at least retains its separate retention. A consolidation of a very substantial portion of the compulsory third party portfolio with a Government office, as has developed in New South Wales, must surely mean a channelling overseas of a vast re-insurance premium.

On that same question of re-insurance, reference has been made to the very big risks that are relevant in South Australia, although they are not necessarily so relevant in South Australia. First, there is the very big one dealing with compulsory third party insurance. I think my Leader, the Hon. Mr. DeGaris, mentioned that there were outstanding claims in New South Wales at present of between \$70,000,000 and \$100,000,000 on this question of compulsory third party insurance.

In going into this business, does this Government appreciate the size of the venture in which ultimately it will be a part? A question peculiar to this State is that of earthquake insurance. I recall that the Hon. Mr. Potter made a strong reference to this point. The question of re-insurance of earthquake insurance comes up, and it seems that the Australian market does not want it. Only a few months ago representatives of a major English re-insurance group visited Adelaide specifically to investigate the present earthquake underwriting position. The exposure today runs into tens of millions of dollars. A high percentage of re-insurance in regard to earthquake insurance simply has to reach the London market.

The Hon. C. D. Rowe: Is most of this re-insurance done in London, or is it done in America?

The Hon. C. M. HILL: I think it is covered under international treaties. Much of it is done in Europe, and no doubt a considerable amount is done also in America. No doubt a re-insurer further along the line spreads his risk over the international field. We have this very unfortunate position of the possibility of very severe bush fire damage in the hills

suburbs of the metropolitan area of Adelaide. Despite the fact that strong warnings have been given from time to time, this risk is still there, and here from an insurer's point of view is one large package of risk that must be re-insured.

These are some of the problems facing the industry in which the present Government wishes to secure a toe-hold. Quite understandably, the industry here is alarmed at the position, for it faces not only the loss of some income but the loss of staff. I think the insurance industry can be proud of the fact that over a long period of time it has built up an excellent staff through specially choosing and training people. Also, it faces a loss of business connection, because right through Adelaide there is this interwoven business network of confidence, enterprise and service that can be seriously affected by this Government insurance venture.

Some of these companies have been giving splendid service in South Australia for up to 100 years, and because of the standards they have reached in their business they have won big portfolios. Now they stand the risk, because of this Government's action, of losing this business. What has this industry really done to deserve this kind of treatment? We have heard of the complaints that were mentioned, but in my view they were shockingly weak as excuses to introduce this measure. The Minister, in explaining the Bill, gave the industry some faint praise, for he said:

It is generally true that satisfactory service has been given to the public in fire and household insurance.

I just want to mention one further point in regard to this question of what the industry has done to deserve this poor treatment. I recall that not very long ago private enterprise in this State put its shoulder to the wheel to help South Australia and gathered together about \$20,000,000 (or gave an undertaking to pay \$20,000,000 towards the proposal) to build a gas pipeline.

I have no doubt that some of those who promised that money were the big assurance interests. All the assurance interests now have insurance operations as well; that is, life assurance and general and fire insurance, generally speaking, are now merged. This section of the community, therefore, did this for South Australia only a few months ago. They did it to help the State and to help the Government, and apparently this Bill is a means by which

the Government is expressing its appreciation to them. What a shocking record that is for any Government to face up to.

The Hon. S. C. Bevan: Are you suggesting that this was meant to be a bribe?

The Hon. C. M. HILL: I am suggesting that one expects decent ethics in proposals of this kind.

The Hon. S. C. Bevan: "We believe in open competition so long as it is not with us." Is that your idea?

The Hon. C. M. HILL: I simply believe in a fair deal. If the Minister can tell me that the big assurance interests getting together and mustering that money to help this State and to help our progress and our enterprise generally as a State—

The Hon. S. C. Bevan: Who said the insurance companies got together and sent this money to the Government?

The Hon. C. M. HILL: I am telling the Minister that I am expressing my opinion, which is that a considerable portion of that money will come from assurance companies.

The Hon. S. C. Bevan: That is a different thing from the actual statement that you just made.

The Hon. C. M. HILL: If I am upsetting the Minister, I will stand by the last statement, which is that a considerable portion of that money will come from assurance companies. When I ask myself what the industry has done here to deserve this treatment, I cannot help thinking of that issue. In that respect, the Government appears in a poor light.

Finally, I return to the proposed amendment I mentioned at the beginning of my speech. I said I would like to ensure that, if a Government Insurance Office was established here, it would progress just as the Premier said it would. I refer now to a report of the Premier's telecast of July 26 which appeared in the *Advertiser* of July 27. The Premier is reported as having said this:

So many "red herrings" had been thrown across the path of the Government Insurance Office Bill that he felt a realistic explanation of it was urgently needed, the Premier (Mr. Dunstan) said last night. On Channel 7, he said the Government insurance office was not intended to be another branch of the Public Service. It would be a commission, a semi-governmental enterprise, just as were the Electricity Trust and the State Bank.

All other States and most oversea countries had insurance undertakings just as they had banks, railways and post offices. By establishing an insurance office, the Government was stepping into line, not out of line.

"The South Australian Government insurance office, like any other undertaking, private or public, will necessarily start in a small way and build up", the Premier said.

"It will develop from one stage to the next, step by step as staff is trained, as business comes to it and as reserves are accumulated. To establish a complete undertaking overnight would be undesirable from staff, organizational and financial capacities. It has been said it would cost a fortune to establish an insurance office. The same was said about the Lottery Commission. In fact, a maximum of \$200,000 was allowed to establish the lotteries and the actual amount spent was only \$40,000." The Government felt a large section of the community wanted a Government insurance office and would transfer their business to it, Mr. Dunstan said.

There was no question of outlawing, absorbing or putting out of business private enterprise organizations, but rather to participate and enter into competition. The Bill before Parliament took particular care to ensure that the competition would be fair and on its merits. At this point I refer to the Minister's speech in explaining the Bill to this Council. He said this:

In South Australia the State Government at the moment covers its own insurance. It would be possible to carry this insurance on in the Government Insurance Office specifically instead of in the Treasury at the moment. I point out at this juncture that the amendment I envisage would give the Government the right to do this, to cover any of its risks not at present covered by outside insurance companies. The Minister continued:

There would be immediately available to the Government a sufficient build-up of business without any immediate likely claims for it to be quite unnecessary to set aside substantial reserves or to involve the Government in more than minimal establishment costs. The gradual build-up of business in a Government Insurance Office can be undertaken in the same way as with other insurance companies recently entering the field in South Australia, so that the establishment will not present the Government with financial or administrative problems.

The tenor of both those speeches, it must be agreed, was that it was the Government's intention that this office was to start in a small, moderate way and, step by step, was to build up its business. Particularly in regard to the Premier's telecast, some of which I saw, his whole attitude was that the people of the State had nothing to fear because the growth of this insurance office would be kept slow and small so that it built up step by step in a normal way.

Then I refer to what the Minister says—"and at about the same pace as the other companies are growing that are establishing here". I am trying to see that this containment is achieved as envisaged. I want to

protect as much as possible those highly reputable companies here. I think I am being most generous to the Government and am putting into effect its representations. If it is genuine in its desire to begin slowly, it should agree to a restriction of this kind. However, if it is not genuine, it will object to it.

I said earlier also that I wanted some assurances. I seek these for several reasons, one of which is that the Minister in his speech makes the point that the Government thinks it is unfair that any borrower should be forced to take out insurance with one particular office—in that case the office owned, apparently, by the hire-purchase interests concerned in the transaction. Mr. Walsh also in the policy speech made the point that people should have the opportunity to choose an insurance company. I refer to the State Bank as one institution lending money both in the ordinary house mortgage field and also in the commercial field in vast country areas such as the river districts. I seek the Government's assurance that people who borrow money from the State Bank, if this commission is established, will have no pressure brought to bear on them to place their insurance with the Government Insurance Office.

The Hon. D. H. L. Banfield: Would you agree to a restriction being placed on other offices on other lines, too?

The Hon. C. M. HILL: Yes; I am happy about that. The State Bank, of course, has its own insurance scheme at the moment. It gives borrowers the right to insure with its own department or to place their insurance elsewhere, if they wish to. The bank's own rates are minimal; they are lower than private enterprise industry outside, so much insurance naturally goes to the State Bank's own department. Also with the Savings Bank: people who borrow money from that bank today are told that they can insure their property with a company of their own choice. That is the bank's policy. I want an assurance that that arrangement will continue.

Buyers of property from the Housing Trust must be given the right of choice of their insurance office. There is a great quantity of insurance under these headings and dealt with by these institutions to which I am now referring. We want to retain the individual's right to choose his own company. If a Government

office is in the field as a competitor, it can be chosen if the borrower wishes to place his insurance with that office, as far as I am concerned.

The Hon. D. H. L. Banfield: You want an open go on one hand and you want to restrict it on the other hand to \$30,000.

The Hon. C. M. HILL: I want to restrict it to \$30,000 for the first three years so that the big institutions have that time in which to observe the operations of the commission. That is not unfair. I am not restricting the man in the street who wants to insure his house with the Government Insurance Office, because his insurable interest will probably not exceed \$30,000. There is nothing wrong with that. If the Government wants to get all the big plums that these big companies have spent 100 years getting on their books, it will oppose the idea.

The Hon. D. H. L. Banfield: It is not grabbing them if people want to insure with the Government office.

The Hon. C. M. HILL: The Leaders in both Houses have said that the Government wants to start in a small way, so the legislation should be contained to show that those statements are true.

The Hon. A. J. Shard: You want us to go into a fight with our hands tied behind our backs.

The Hon. C. M. HILL: The Minister is entitled to his own opinion. If an undertaking gives a service, it gets business. Finally, I am reminded that, under the Commonwealth Life Assurance Act, 1945, power was given to the Commonwealth Government to enter the field of insurance for all classes of business. That legislation was enacted under a Labor Government (which is not surprising), but that section of the Act was repealed by the Menzies Government in 1953 (and that is not surprising). Should this Bill be passed in 1967, I hope that a Liberal Government will repeal it in 1968.

The Hon. D. H. L. Banfield: Like they have in other States!

The Hon. R. A. GEDDES secured the adjournment of the debate.

ADJOURNMENT

At 5.22 p.m. the Council adjourned until Wednesday, August 16, at 2.15 p.m.