

LEGISLATIVE COUNCIL

Wednesday, August 16, 1967

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

QUESTIONS

OFFSHORE BOUNDARIES

The Hon. R. C. DeGARIS: I seek leave to make a brief statement prior to asking a question of the Chief Secretary.

Leave granted.

The Hon. R. C. DeGARIS: Over a period of some months considerable publicity has been given to the question of offshore boundaries. This matter is of considerable interest to this State, and of particular interest to Southern district in relation to the offshore boundary between Victoria and South Australia. When the Chief Secretary has some information on this matter, will he make it available to this Council?

The Hon. A. J. SHARD: Yes.

TEACHING HOSPITAL

The Hon. V. G. SPRINGETT: I ask leave to make a short statement before asking a question of the Chief Secretary.

Leave granted.

The Hon. V. G. SPRINGETT: Yesterday the Chief Secretary gave the Council information about a hospital to be built in the vicinity of Flinders University suitable for teaching purposes. He told us that construction would begin in 1970-71 and be completed in 1974; this would allow one year for settling in before clinical students were accepted for training in 1975. Allowing for a three-year clinical course and a one year post-course hospital residency, which is compulsory, it means that the first release of doctors to serve the State as a whole can be expected in about 1978. Can the Chief Secretary tell the Council, first, how far plans are advanced for the Modbury hospital, including its size, and when it is planned to start construction? Secondly, what medical and nursing staff is likely to be required for the Modbury hospital? Thirdly, in view of the overall shortage of all types of professional staff, can the Chief Secretary assure us that by opening the Modbury hospital earlier than the teaching hospital there will be no undue drawing upon the depleted pool of manpower?

The Hon. A. J. SHARD: I could answer the main part of the honourable member's questions but, as one part of them obviously refers to policy, I ask the honourable member to place his questions on notice.

NURIOOTPA HORTICULTURIST

The Hon. M. B. DAWKINS: Has the Minister of Local Government obtained from the Minister of Agriculture a reply to my question of July 26 regarding the provision of a horticulturist in a temporary capacity at Nuriootpa?

The Hon. S. C. BEVAN: The Director of Agriculture reports that the bud selection work referred to in the question concerns the variety riesling. Growers in the Barossa area have made selections from within this variety and the cuttings that have been taken have been heeled in at the Nuriootpa Research Centre. These will be planted out shortly for field assessment during the next few years. Assessment will be based on detailed observations of many characteristics, including yield and quality data. The department's commitments regarding the work that has been done by local growers will be met without any temporary transfer of staff as suggested.

TRAFFIC LIGHTS

The Hon. C. M. HILL: Has the Minister of Roads a reply to my question of July 13 concerning traffic lights on Greenhill Road?

The Hon. S. C. BEVAN: Yes, and perhaps the reply could be passed on to some of the honourable member's colleagues in the Adelaide City Council. It is expected that traffic signals will be installed at the Greenhill Road and Fullarton Road intersection within four months. Delay of this installation has resulted from difficulties in arranging with the City of Burnside for the re-arrangement of the cross-overs for the service station located on the north-eastern corner of the intersection. With regard to the intersection of Greenhill Road and Peacock Road, it is proposed to install traffic signals in association with certain other roadworks presently scheduled for 1968-69.

MURRAY RIVER SALINITY

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

Leave granted.

The Hon. C. R. STORY: Yesterday, I asked a question about a meeting at Mildura concerning salinity in the Murray River, to

which South Australian representatives from the Engineering and Water Supply Department and the Agriculture Department were invited but did not attend. Can the Chief Secretary say whether invitations have been received by these officers to attend a meeting this week and, if they have, whether they will be attending?

The Hon. A. J. SHARD: As promised, I took up the matter with the Ministers concerned this morning. I understand that a meeting is being held at Loxton today to deal with salinity in the Murray River and that two officers of the Agriculture Department are in attendance.

EFFLUENT FOR IRRIGATION

The Hon. M. B. DAWKINS: Has the Minister of Mines an answer to the question I asked on August 9 regarding the use of effluent from the Bolivar treatment works?

The Hon. S. C. BEVAN: The Engineer for Water and Sewage Treatment reports:

I understand that there are no plans for a Government financed scheme to utilize the effluent from the Bolivar sewage treatment works for irrigation purposes. However, the conditions under which the effluent may be made available to private landholders in the area are currently being investigated and should be finalized shortly. The report referred to by the Hon. Mr. Hart into the utilization of the effluent from the Bolivar sewage treatment works was ordered to be printed shortly after it was tabled in the Houses. Due to pressure of other work and the amount of work involved, the Government Printer has not yet completed the report but expects to do so within a few weeks.

The Hon. L. R. HART: Can the Minister say whether the report he has mentioned was delivered to the Government Printer on August 4, 1966?

The Hon. S. C. BEVAN: I do not know when the report was delivered to the Government Printer, as I did not deliver it to him.

The Hon. L. R. Hart: You are Chairman of the Printing Committee.

The Hon. S. C. BEVAN: The honourable member, too, is a member of the Printing Committee, and he ought to know its procedure in respect of the forwarding of papers to the Government Printer. I do not know when the papers were forwarded to the Government Printer, but I shall obtain the information for the honourable member as soon as possible.

PEDESTRIAN CROSSING

The Hon. R. C. DeGARIS: I ask the Minister of Roads:

(1) How many accidents have occurred during the last six months at or near the pedestrian crossing on the Main North Road opposite the Nailsworth school?

(2) Is this the only crossing of its type in the metropolitan area?

(3) Will more crossings of this type be constructed?

The Hon. S. C. BEVAN: I do not have the accident statistics at present but I shall obtain them for the honourable member as soon as possible. It is expected that compulsory pedestrian crossings will be established in other places, particularly in the suburbs, because of the danger involved when people cross main roads. I do not have information about the type of crossing but I shall obtain it for the honourable member as soon as possible.

GOLD BUYERS ACT AMENDMENT BILL

Read a third time and passed.

PUBLIC PURPOSES LOAN BILL

Adjourned debate on second reading.

(Continued from August 15. Page 1257.)

The Hon. R. C. DeGARIS (Leader of the Opposition): From a study of the Minister's second reading explanation and the Parliamentary Papers relating to this Bill, one can see a very obvious contradiction to this Government's publicity that the financial problems that this State has been facing for the past two or three years have been solved. Any study of Parliamentary Paper No. 11A amply illustrates that all the statements and all the publicity about a balanced Budget in South Australia represent nothing more than financial jugglery.

I am sorry that I am speaking the day after the Hon. Mr. Hill spoke on the Government Insurance Commission Bill, because he gave so much material that is applicable to this Bill. I should like to develop the point raised by him about craft industries in South Australia, particularly those connected with the tourist industry. However, I intend to leave this matter to other speakers who probably have a more highly developed sense of humour than I have.

The Hon. S. C. Bevan: You could get some information about that; it is almost word perfect in this morning's paper.

The Hon. R. C. DeGARIS: Yes: it is almost word perfect in another paper; Parliamentary Paper No. 11A commences with the following words:

The Loan Estimates which I have the privilege now to present have three features of overwhelming importance.

I ask the Council to note the use of the word "privilege". I should like to comment on the first paragraph and to highlight three matters raised therein. The Treasurer goes on to say:

The first is that, although the programme has had to be constructed without the supplementary provisions which this State submitted to the Commonwealth as necessary to give a stimulus in those areas of industry where Commonwealth policies have allowed a down-turn to occur

I emphasize those last few words. No matter how one looks at this question, one cannot see how this statement can be substantiated. If that statement of the Treasurer's were true, we would see a down-turn in the economy of the whole of Australia, whereas any examination will show that there is no down-turn in any other State.

The Hon. A. F. Kneebone: That is not what Sir Henry Bolte says.

The Hon. R. C. DeGARIS: I do not know what Sir Henry Bolte says, but I say that the economy in Victoria has a great deal more vitality attached to it than has the economy in South Australia.

The Hon. S. C. Bevan: And many more increases in taxation, too.

The Hon. A. F. Kneebone: And a bigger increase in unemployment in the last two months.

The Hon. R. C. DeGARIS: I do not think the increase in unemployment there can be compared with the position in South Australia, for whereas Victoria's population is three times as great as the population of this State it has only very few more unemployed people at present than has South Australia. The figures are just not comparable in any way. To further substantiate this matter, perhaps I could quote the words used by Dr. Coombs, the Governor of the Reserve Bank (as reported in today's *Advertiser*), when speaking in Perth yesterday. The *Advertiser* report states:

The Australian economy is in good shape. Dr. Coombs said today he did not remember the economy being in a healthier state than at present. The inflow of capital from overseas had declined and this had affected the overseas balance of payments, but not sufficiently to cause undue concern.

Dr. Coombs said that the Australian economy was in good shape at the present time, yet in the first paragraph of the Loan Estimates the Treasurer said that the Commonwealth Government should give a stimulus in those areas of industry where its policies had allowed a down-turn to occur.

The Hon. C. D. Rowe: If you deleted "Commonwealth" and inserted "State", it would make the statement much more correct.

The Hon. R. C. DeGARIS: That is so. What has the Treasurer put up to the Commonwealth to remedy this economic down-turn that has occurred in South Australia? The only thing I know that he has put to the Commonwealth is that it should reduce sales tax on motor vehicles. If one looks at the indicators that measure the economic health of the whole of Australia, one sees that in other States conditions are economically active and healthy. Indeed, some economists point to the Eastern States and say that their economy is reaching the stage where we should be concerned about boom prospects. Over a period of 20 years we in Australia have enjoyed reasonable economic stability, associated with growth. This has not been easily won.

It has not been easy to preserve this element of stability in the Australian economy, but it is Government policies that have worked towards this end. Whenever undue pressures have appeared in the economy action has been taken to correct deficiencies in economic growth, and some of the actions taken by the Commonwealth Government have been roundly criticized. However, in retrospect let us realize that the aim has been to preserve in the Australian economy a stability associated with growth and development. In other words, the economic stability that we have at present throughout the whole of Australia has been hard won.

The plan suggested by the Treasurer to the Commonwealth Government that sales tax on motor vehicles should be reduced would have placed undue pressure on certain resources in Australia. In other words, what the Treasurer asked the Commonwealth Government to do was to cast aside all the hard-won stability in our economy, to cast aside the emphasis that has been placed on stabilized economic growth and sacrifice it all in order to save South Australia from its financial mismanagement.

The Hon. S. C. Bevan: That is all hooey! All that he asked for was a reduction in taxation to stimulate industry, especially in this State.

The Hon. R. C. DeGARIS: That is the point I am making. What the Treasurer asked was that taxation be reduced on motor vehicles in order to stimulate industry in this State. Whereas no stimulus was needed in the economy of the other States, the South Australian Treasurer asked that undue pressure be placed on the economy of the other States of Australia.

The Hon. A. F. Kneebone: Then you do not agree with his request?

The Hon. R. C. DeGARIS: No, not in any way at all.

The Hon. C. D. Rowe: What the Treasurer should have done was take off his own stamp duty.

The Hon. A. J. Shard: Never mind that; what the Hon. Mr. DeGaris said was that he did not agree with the South Australian Treasurer's request about sales tax.

The Hon. R. C. DeGARIS: I do not agree that the Commonwealth Government should place undue pressure on the economies of the other States, which that request would do, and thereby place undue pressures on the resources in this industry.

The Hon. A. J. Shard: You said you do not want industry to improve in this State; that is the meaning of what you said.

The Hon. R. C. DeGARIS: That is not so in any way whatsoever.

The Hon. A. J. Shard: You will not get out of it, because that is what we shall tell people you said, and the report in *Hansard* will prove it.

The Hon. R. C. DeGARIS: I do not mind what the Chief Secretary says or how he interprets what I said. I say that the Treasurer wanted to place undue pressure upon the booming economy of the other States in order to save this State from the ramifications of its financial mismanagement. As has been pointed out, if there is a reduction in taxation needed, this State has its own powers, but I will deal with that matter later if the Chief Secretary will let me make my point that South Australia is suffering more than any other State in the Commonwealth. We are talking of the question of almost boom conditions throughout most States.

The Hon. A. J. Shard: You can talk about what you like. What you said was that you disagreed with the request to improve industrial conditions in this State.

The Hon. R. C. DeGARIS: I do not think the Commonwealth of Australia should introduce any policy that will cause difficulties—

The Hon. A. J. Shard: You can argue all day; you cannot undo what you said.

The Hon. A. F. Kneebone: What did the Commonwealth do for Queensland?

The Hon. R. C. DeGARIS: I do not know. Perhaps the Minister will be willing to inform me.

The Hon. A. J. Shard: What are they going to do in the next 12 months for Queensland? You should look into that!

The PRESIDENT: Order! I ask honourable members to observe Standing Orders. Interjections are distinctly out of order.

The Hon. R. C. DeGARIS: If any particular support was needed for South Australia the Treasurer had his opportunity to put the case to the Commonwealth Government at the appropriate time. But it is quite obvious that he did not go to Canberra to put a disability case for South Australia, because he will not admit that a disability exists in South Australia at present. Let me quote from the opening paragraph of the Treasurer's statement, where he said that he wanted the Commonwealth "to give a stimulus in those areas of industry where Commonwealth policies have allowed a down-turn to occur . . ."

The Hon. A. J. Shard: That is correct.

The Hon. R. C. DeGARIS: As I continue, I shall show that it is not Commonwealth policies but the financial policies followed by the State Government that have allowed a down-turn to occur. What policies has the Commonwealth introduced to allow a down-turn?

The Hon. A. J. Shard: Extra tax on the motor-car industry.

The Hon. R. C. DeGARIS: That is not specified in this document.

The Hon. Sir Arthur Rymill: The Government members are now retiring behind their papers; they are very lucky.

The Hon. C. D. Rowe: The Government members are reading their own publicity machine.

The Hon. A. J. Shard: We are doing all right.

The Hon. R. C. DeGARIS: I move on to the next statement in the first paragraph—that "a reasonable expansion of works is provided". This Parliamentary Paper 11A is detailing the

avenues through which Loan funds will be channelled this year, and it states that "a reasonable expansion of works is provided". The analysis I propose to present to this Council is that not only is there no reasonable expansion but there is no expansion at all. As a matter of fact, the facts will show that there will be an actual decrease in amounts spent in this financial year under the Loan Estimates compared with the 1964-65 Loan Estimates of the Playford Government. This remarkable document continues:

With the expansion of works provided, the volume of expenditure will reach a clear record level.

I do not deny that. When there has been a large increase in reimbursements to this State from the Commonwealth, a large increase in the Loan funds available to this Government, a rapid increase in taxation levels by this Government and a large increase in the charges made on the people of this State for the various services, it is reasonable to assume that the volume of expenditure will reach a record level. But the point I intend to prove is that in actual expenditure under these Loan Estimates there is no expansion: in fact there is a contraction.

I return to the year 1964-65 of the Playford Government. In that year available to that Government in new Loan funds from the Commonwealth there was a total of \$79,520,000. In 1967-68 the total new Loan funds from the Commonwealth Government available to this Government amount to \$92,820,000. Therefore, from the year 1964-65 to the year 1967-68 there has been an increase of \$13,300,000—or 17 per cent of Loan funds available to the State. In 1964-65 Loan expenditure on essential developmental works, excluding housing, amounted to \$73,639,368. Under the present Loan Estimates the estimated total Loan expenditure excluding items that have been transferred from the Budget Account to the Loan Account, on essential developmental works in South Australia amounts to \$73,410,000.

The Hon. C. R. Story: That appears to be down.

The Hon. R. C. DeGARIS: The Hon. Mr. Story's arithmetic is very good; I compliment him.

The Hon. D. H. L. Banfield: He is on the ball.

The Hon. R. C. DeGARIS: In other words, although this State has received from the Commonwealth an increase of 17 per cent

from 1964-65 to this financial year, there is a down-turn in the expenditure on Loan Estimates. How is this justified? How do we arrive at these figures? Available to the State Government from the Commonwealth this year is a total Loan allocation of \$92,820,000. If we exclude housing from that, \$82,560,000 is available to this Government. Then we must remove \$7,000,000, which was originally committed to the Budget Account in 1964-65, and a total of \$2,150,000 for unpaid bills from last year, which leaves a net amount available to the Government this year of \$73,410,000—in other words, a net sum which is less than Sir Thomas Playford's Government spent in 1964-65, irrespective of the fact that from the Commonwealth Government there has been an increase of \$13,300,000 to this State in this financial year.

Yesterday, the Chief Secretary was kind to me, in that he offered me an extra day in which to prepare this speech. I appreciate that gesture very much but, as is my usual practice, I do not wish to delay any financial measures of this Government. No matter how many hours one takes in analysing the figures given in these Loan Estimates, one cannot come up with an analysis that condemns this Government more strikingly than the fact that, although more Loan funds are available to the Government, it is spending less money than was spent by the Playford Government in 1964-65 on essential developments in South Australia. This Parliamentary Paper 11A exposes completely the fallacy of the so-called "balanced Budget" of last year. It reveals the reasons for the general dissatisfaction of the public of South Australia with the Government's handling of finance. It disposes of the reason why there is an economic down-turn in South Australia that does not apply to any other State.

The Hon. S. C. Bevan: You don't really believe that, do you?

The Hon. R. C. DeGARIS: Not only do I believe that but I know it to be true. It can be proved from a study of available statistics. We do not need to go further in considering these Loan Estimates than that honourable members should understand this one point, that somewhere along the line this Government is spending less this year on the essential development of this State than was spent in 1964-65, although there has been a 17 per cent increase in Loan allocations to this State. That fact alone is sufficient to enlighten people on what is happening financially in this State.

A further analysis will show not only that in many fields is no more money being expended on essential development but that in many important fields the money available from the Loan Estimates has actually decreased. I should like to draw honourable members' attention to certain important aspects of this State's essential development, and also to compare expenditure from Loan funds on primary

development in this State in 1964-65 with the Estimates for this financial year. In considering these figures, honourable members should bear in mind that the Loan allocation is 17 per cent higher in 1967-68 than it was in 1964-65. The following table shows expenditure from Loan funds on primary development in the two financial years mentioned and the percentage of the expenditure to the total:

Items	Financial year 1964-65 \$	Per cent of total	Financial year 1967-68 (est.) \$	Per cent of total
State Bank—loans to producers	1,097,088	1.5	750,000	.9
Lands—irrigation, drainage	1,352,376	1.8	1,295,000	1.6
Woods and Forests—afforestation and timber milling	1,879,736	2.6	2,000,000	2.4
Miscellaneous—Mines Dept. (buildings, plant, etc.)	294,816	.4	220,000	.27

One can see that in the essential avenues of the expenditure of Loan funds there has been an actual down-turn in the money allocated, and I ask honourable members to bear in mind that over \$13,000,000 extra has been allocated by the Commonwealth Government this year. In 1964-65, a total of \$3,095,000 was made available to the State Bank; the Estimates for this year are \$1,740,000.

I could go on dissecting from line to line on avenues of essential development to the State where there has been no reasonable expansion; indeed, there has been a rather dramatic down-turn. Perhaps I could examine some of the lines in the 1964-65 Loan Estimates and the estimated figures for this year—advances for homes (1964-65, \$500,000; this year, \$700,000); advances to the State Bank (1964-65, \$1,000,000; this year, nil); student hostels (1964-65, \$400,000; this year, \$100,000); irrigation and reclamation of swamp land (1964-65, \$480,000; this year, \$425,000); afforestation and timber milling (1964-65, \$2,200,000; this year, \$2,000,000); railway accommodation (1964-65, \$6,000,000; this year, \$5,800,000); and harbours (1964-65, \$3,200,000; this year, \$2,055,000). I could go on, but it is perfectly obvious that, while those extra Loan funds are available, the Government is spending less than it did in 1964-65.

If one could believe the first paragraph of the Treasurer's statement in Parliamentary

Paper 11A, one would merely assume that there was nothing to worry about regarding South Australia's economy. In examining this matter in more detail, I do not want to be accused of knocking the State. Over a period of two years honourable members have constantly drawn the Government's attention to the folly of some of its financial policy, and have warned the Government of the dangers of engaging in emotional, extravagant, and vote-catching legislation, without proper consideration being given to its effects on the State's finances. Recently, when the matter of an extra week's leave to Government employees arose, several guesses were made of the impact this would have on the State's economy, and more recently in the debate on the Government Insurance Commission Bill no accurate information was given on what the setting up of this office would cost the taxpayer. It would appear that the Government does not consider these matters at all.

Any down-turn in Australia's economy is limited to this State. In the December quarter of 1964 there were 1,175 people admitted to unemployment benefits, and at the end of the quarter 784 people were actually receiving benefits. In the March quarter of 1967 there were 5,811 people admitted to unemployment benefits, and at the end of the quarter 2,962 people were actually receiving benefits.

The Hon. D. H. L. Banfield: What was the figure in September, 1961?

The Hon. R. C. DeGARIS: Honourable members opposite are always keen to quote the figures as at December, 1961, but in this exercise I intend to compare the position from State to State at any given time. I freely admit that in December, 1961, there were more unemployed people in South Australia than there are at present, but this has no relevance to this argument.

The Hon. C. R. Story: It didn't last long; we soon got them going again.

The Hon. D. H. L. Banfield: You had been in office for 20 years and should have had them going before that.

The Hon. R. C. DeGARIS: The last Labor Government in this State was in office between 1930 and 1933, when South Australia had a total of almost 20 per cent of its work force on unemployment benefits.

The Hon. S. C. Bevan: What was the Commonwealth figure?

The Hon. R. C. DeGARIS: South Australia had the highest unemployment figure of any State in Australia. The average Commonwealth figure at that stage was about 15 per cent, but South Australia from 1930 to 1933, under a Labor Government, had the highest unemployment percentage in Australia.

The Hon. H. K. Kemp: At that time didn't the *Advertiser* have to pay the bills of the Public Service for a month or two?

The Hon. R. C. DeGARIS: From that time onwards South Australia had the lowest unemployment percentage of any State in Australia.

The Hon. D. H. L. Banfield: There were a few ups and downs.

The Hon. R. C. DeGARIS: No. Right from 1950—

The Hon. D. H. L. Banfield: There is a jump of 17 years.

The Hon. R. C. DeGARIS: —almost to the present time South Australia has constantly had the lowest unemployment level in Australia. However, within two years of the Labor Government's coming to office we are back where we were from 1930 to 1933, under a Labor Government, with the highest unemployment level in Australia. If one compares South Australia's economy now with that of any other State one finds that the increase in unemployment here is the highest. This is the first time that this has happened for 35 years; the previous occasion was under a Labor Government. I believe that the unemployment

figure for July, 1967, has risen to 4,150 from 2,962 in the March quarter. I have taken these figures from the *Advertiser* of August 15.

However, this is only one economic indicator, and we must not say that one case proves conclusively that this State is not doing as well as other States are doing. We must look at several other economic indicators, and one that economists use to gauge the vitality of an economy is the production of building materials. The production of clay bricks in South Australia was 123,000,000 in 1962-63, 144,000,000 in 1963-64, and 153,000,000 in 1964-65. As most people know, a change of Government occurred in 1965, and in 1965-66 production dropped to 134,000,000, and in 1966-67 there was a further drop to 112,000,000. In other words, the production of clay bricks is now below the 1962-63 figure, whereas over all States an increase has occurred. This is one of the essential indicators used by economists to gauge an economy's vitality, and it is significant that South Australia is the only State with such a massive down-turn in clay brick production.

The Hon. A. J. Shard: Are you going to tell us about the change that has occurred in the method of constructing houses?

The Hon. R. C. DeGARIS: We can examine this quite easily. In order to deal with the matter raised by the Chief Secretary, let us turn to timber production, which would have increased if the decrease in brick construction had been caused by a change in construction methods.

The Hon. A. J. Shard: Bricks are not used in internal walls as much as they were used years ago. The honourable member is talking about bricks, but I am saying that a different kind of house is being built and that therefore his argument does not carry so much weight. The honourable member cannot have it both ways. We are not as dumb as he would have people believe.

The Hon. R. C. DeGARIS: I hope that is so. If this change in the method of construction of houses has occurred in South Australia, surely it has also occurred in other States.

The Hon. A. J. Shard: No; it has been the practice in Victoria since the year "1". Get your facts right.

The PRESIDENT: Order! I point out that interruptions, particularly from the gallery, are disorderly. It is in bad taste that this example should emanate from the floor of the Council. I draw honourable members' attention to Standing Order 181, which sets out

clearly that members should not converse aloud or repeatedly interrupt a speaker. I ask honourable members to assist me in maintaining order and decorum in the Chamber.

The Hon. R. C. DeGARIS: I was pointing out that production of clay bricks was one of the indicators used by economists to gauge an economy's vitality. Production rose from 123,000,000 in 1962-63 to 153,000,000 in 1964-65, and since then it has declined to 112,000,000. I have also pointed out that clay brick production over all States has continued to increase, on a percentage basis, whilst in South Australia it has declined markedly on a percentage basis over the two years since the Labor Government came into office.

The Chief Secretary mentioned a change in the method of construction of houses; changes have occurred, but the effect should be reflected in other forms of building materials. However, no matter which building material we consider in South Australia, we will find a similar trend. For example, the production of sawn timber in South Australia in 1962-63 was 110,000,000 super feet, in 1963-64 it was 130,000,000 super feet, in 1964-65 it was 137,000,000 super feet; however, in 1965-66 it dropped to 121,000,000 super feet, and in 1966-67 there was a further drop to 112,000,000 super feet. In other words, the figure was back to its level in 1962-63. No matter which section of the building industry we look at—clay bricks, asbestos sheeting or sawn timber—we find an indication of a down-turn in South Australia's economy compared with those of the other States. This also bears out my earlier statement that what the Treasurer wanted was to sacrifice all the growth and development and economic stability that the Commonwealth has won over a long period, to save this State from the effects of this Government's financial mismanagement.

The Parliamentary Paper before us shows that no increase in capital funds is being made available to the timber industry. Mr. Burdon, the member for Mount Gambier in another place, stated in the *Border Watch* that he knew there was a hold-up in the sale of products of certain mills, and one has only to go through the South-East to see the build-up of stocks of unsold timber. Mr. Burdon said that this seemed to occur in cycles, because it happened in 1954-55 and in 1960-61, and that these cycles could be related to credit squeezes by the Commonwealth Government. As anyone knows, we are not now experiencing any credit

squeeze conditions created by the Commonwealth Government. In times of down-turns in economic activity throughout the whole Commonwealth stocks do accumulate, but South Australia at present is an island of stagnation in a sea of prosperity, as stated by Dr. Forbes recently, and I think that this is a very apt statement. No matter which part of this State's economy we look at, we see that the statement is correct.

We have heard a great deal from the Chief Secretary by way of interjection about motor vehicle production. On looking at this question, one sees that although every other State in 1966-67 had an increase in total registrations, South Australia had a massive down-turn of 6 per cent.

Perhaps we can look more closely at the figures. In the December quarter of 1964 (the last quarter before the Playford Government went out of office) new registrations in South Australia of cars and station waggons totalled 8,958. In the December quarter of 1966, the registrations totalled only 7,510, which was a drop of 1,400. This is the only mainland State in which this down-turn has occurred, yet the Treasurer is asking the other States to give away this hard-won stability for the sake of solving an isolated problem in this island of stagnation.

I have dealt with the figures for building materials, which are very accurate indicators of the economic stability of any State. I turn now to housing. For new houses and flats commenced during the financial year 1966-67, compared with the previous financial year, the figure for New South Wales was up by 4.8 per cent; Victoria by 13.6 per cent; Queensland by 1.6 per cent; Western Australia by 20.3 per cent; Tasmania by 29.6 per cent; Northern Territory by 32.5 per cent; and the Australian Capital Territory by 5 per cent. In South Australia the figure was down by 11.8 per cent. Every other State had an increase in activity in the housing area, yet South Australia had a down-turn of 11.8 per cent. Indeed, the down-turn in South Australia in 1966-67 compared with 1964-65 (the last year of the Playford Government's term of office) is almost 30 per cent. Once again we see that South Australia is the only State in the Commonwealth where there is a down-turn in this activity.

For many years South Australia had the most rapid increase of all States in Australia in retail sales. However, let us study the position in 1966. In the June quarter of 1966

the South Australian increase in retail sales was 2 per cent, and this was the lowest increase of any State, the average increase over the whole of Australia being 4.9 per cent. In September, 1966, the increase in South Australia was 1.9 per cent, which again was the lowest increase of any of the States. The average increase over the whole of Australia in that quarter was 5.6 per cent. In December, 1966, the South Australian increase was 4.4 per cent, with the average increase over the whole of Australia being 5.5 per cent. The increase in South Australia was again the lowest increase in Australia. No matter what section of the economy we check, we find that at present South Australia is the only State with any down-turn in economic activity.

The Hon. D. H. L. Banfield: Isn't the usage of power an indicator?

The Hon. R. C. DeGARIS: The increase in the use of power has not kept pace with the increase over the five-year period before this Government came into office.

The Hon. D. H. L. Banfield: We are using a record amount.

The Hon. R. C. DeGARIS: That may be so, but what we have to look at is the percentage increase in power usage over a period of years. I agree that there has been an increase, but the increase has been less than the increases in the past, and I think that that may be one reason why the Torrens Island power station is probably a year or two behind schedule. In fact, the expected load is not appearing in South Australia. Once again we see that by any economic indicator the situation in South Australia is not as rosy as it should be.

We have used the basic indicators so far to gauge the truth or otherwise of the statement that in South Australia we have an island of stagnation. Those indicators show that that statement is correct. We have a milk bar economy, according to certain people. Therefore, in some areas we may be more affected. One would expect, if one listened to these statements, that there would be a down-turn in the very items that have been referred to in relation to a milk bar economy. I do not agree that South Australia has a milk bar economy. However, these statements have been made.

In consumer durables, there has been an increase over the whole of Australia in the production of refrigerators by 13.8 per cent for the June quarter of 1967. There has been an increase also in the total number of washing

machines, an increase in radios and radio-grams of 35 per cent, and an increase in petrol lawnmowers of 22.6 per cent. The production of television sets was down by 9.5 per cent. In actual consumption in these fields there is a rise over the whole of Australia. Why is it that South Australia is being adversely affected at present? There is no doubt in my mind that the statement that we are at the moment an economic island of stagnation in a sea of prosperity is a correct one. Any honourable member can check the indicators and find that what I am saying is factual.

I am pleased to see that there has been an increase in allocation to fishing havens. In the 10-year period prior to this Government's taking office the average expenditure on fishing havens in South Australia was \$105,000 a year. Since this Government came into office this amount has not been spent. Indeed, the actual payments from Loan Account last year on fishing havens in South Australia amounted to only \$20,000. I cannot impress strongly enough on members that the crayfishing industry in South Australia, particularly in the South-East, needs more Government attention. The crayfishing industry accounts for about 50 per cent of the total income from the fishing industry in this State.

The Hon. D. H. L. Banfield: Your Party was not prepared to be represented on the Select Committee to look into the whole question.

The Hon. R. C. DeGARIS: I presume that the honourable member is referring to matters in another place. There is a very great need to improve facilities for the fishing industry, particularly the crayfishing section of the industry, in South Australia. Government action on this score is urgently needed, not only to provide more and better facilities for the handling of equipment but also in the preservation and conservation of resources. I think all members will appreciate that the crayfishing grounds in South Australia are not unlimited, and that over-exploitation can seriously affect the future of the industry. A great deal more is needed in the way of funds for essential research, not only into the crayfishing industry but also into the fishing industry as a whole. In the developmental field, the fishing industry in South Australia is not something in which this Government can take any pride.

I could comment on many other matters in this document. For instance, one could comment on hospitals. In 1964, at page 521 of

Hansard, the present Treasurer made an emotional speech in an outburst against the attitude of the Playford Government on mental hospitals. I could quote some of his remarks, but it does not matter, because I think most honourable members will remember that emotional outburst. One may well ask now what has been done, what has been achieved by this Government in this matter, and I think one could safely say that very little has been achieved. Secondly, one may ask what has happened to the Port Augusta Hospital. I can see nothing about it in this document, but I remember almost three years ago when this project had reached the stage of almost being achieved.

The Hon. C. M. Hill: You need not stop at the Port Augusta Hospital.

The Hon. R. C. DeGARIS: I realize that. However, when I commenced my speech I said that I would not speak at length on the individual lines but would confine myself to general comment. With regard to hospitals, if one goes back and reads some of the things said before this Government assumed office one wonders that some Government members can even hold their heads up when talking on these matters. Referring to school buildings, the line this year shows an estimated expenditure of \$10,650,000; in 1964-65 (three years ago) the same line was in excess of that amount. I could continue drawing comparisons, but as far as I am concerned this document is a sad one. It shows that the Government has been incapable of handling the finances of this State satisfactorily. It poses problems for any future Government in South Australia. In studying this document, once one gets past the glamour of the first paragraph, the figures strip the glamour completely from it. One is left with the impression that we have a glib, silver-tongued Treasurer trying to convince the people of South Australia that this State is financially sound.

The statement before us shows the result of a Government following emotional and extravagant legislation, with little regard for the financial effect on this State. It shows clearly that the Government still refuses to face its financial responsibility concerning the problems of the State. I heard a statement made some time ago that after three years of this Government South Australia would be faced with a \$20,000,000 deficit. That statement was scoffed at. Now we have had the announcement of a balanced Budget but if one considers these

things in relation to the Budget of 1964-65, it will be found that it is not a deficit of \$20,000,000 but, if the Budget is balanced this year, one of \$23,000,000. In other words, we are going to commit to Loan Account amounts that the Budget Account previously accounted for. We will not have a deficit of that amount of money, but it will be \$23,000,000 less to be spent on essential development in South Australia. Analysing those figures fully, the gilded lily of the first paragraph of the Treasurer's statement—

The Hon. D. H. L. Banfield: The Commonwealth budgeted for a nice old deficit.

The Hon. R. C. DeGARIS: The Commonwealth can do so without any serious difficulty, but a State must balance its Budget. To continue, one finally sees this document as a wilted pansy.

The Hon. D. H. L. Banfield: The State has balanced its Budget; I don't know what you are complaining about.

The Hon. R. C. DeGARIS: I spoke on this matter in the Address in Reply debate and I then pointed out that the State had no option but to balance its Budget; what has to be looked at is how it does so.

The Hon. D. H. L. Banfield: The Playford Government did not balance it 10 times out of the last 18.

The Hon. R. C. DeGARIS: That is rather remarkable, and is a slightly better record than that achieved by this Government.

The Hon. D. H. L. Banfield: Is it? One in two—we did not do too badly!

The Hon. R. C. DeGARIS: If this document is examined, as I ask the Hon. Mr. Banfield to examine it, it will be seen how the so-called balanced Budget has been achieved at the expense of the Loan Account. Less money is being spent on essential development of South Australia this year than was spent in 1964-65 although there is an increase of almost \$14,000,000 that this Government has received from Commonwealth Loan funds. That cannot be justified in any way except that the Loan funds have been used up this year to bring about a balanced Budget. The Budget was balanced by this Government in its first year simply because it used trust funds. We cannot get away from the fact that the State balanced its Budget, but what must be looked at is how that was achieved. If one checks the economic indicators, as I ask the

honourable member to do, it will be seen what effect this has on the economy of this State.

The Hon. G. J. GILFILLAN secured the adjournment of the debate.

STATE GOVERNMENT INSURANCE COMMISSION BILL

Adjourned debate on second reading.

(Continued from August 15. Page 1270.)

The Hon. R. A. GEDDES (Northern): Insurance, as we all know, has played an important part in the development of Australia throughout its history. In providing help for the people of Australia, the two most important effects of insurance have been first, to provide security and secondly, the opportunity for man to develop insurance provides the base from which man can launch an enterprise. Security is essential for those he employs and those who are dependent on him. In addition, security for the employer is essential so that he can claim insurance should an accident occur or if he should be forced to claim for loss of profit because of disaster in any shape or form. Security is one of man's most essential basic requirements, and from security stems the ability to develop. To be able to guard against accident, ill-luck or disaster man, by correct use of insurance, can expand his business and develop new fields of employment as well as provide greater service to the public in all avenues.

The cost of insurance must be one of the first charges against profit in any business enterprise because from that security it will be able to develop, so that the manufacturer, the employee, and the consumer all benefit. As Churchill said when speaking in the House of Commons in 1914 on the National Insurance Scheme:

This measure seeks to bring the magic of averages to the rescue of millions.

Fire, accident and marine insurance is big business in Australia, spread between the tariff and non-tariff companies. It has an annual premium income of about \$600,000,000. It is in this field that the Government wants its cut. Some people say that by setting up this Insurance Commission the Government is being socialistic—and so it should be, because Socialism is its aim. Some say this measure is only a money-making measure—and so it should be; at least, I sincerely hope it will be.

The Hon. D. H. L. Banfield: We understood that insurance companies did not make money.

The Hon. R. A. GEDDES: If the honourable member is led to believe that they do not make money in the insurance game, that is a fallacy.

The Hon. D. H. L. Banfield: I think that, too.

The Hon. R. A. GEDDES: The profit percentage in the insurance game in certain fields is not so great as to make it an economic proposition for the Government to step in and enter this field at this point of time.

The Hon. D. H. L. Banfield: Are they the fields that you want to restrict us to?

The Hon. R. A. GEDDES: Some say that this measure will reduce the cost of insurance. This I do not believe. The commission must compete and be run at a profit. To compete it must give service and start its life in costly and difficult times. The Government could well heed the opinion expressed yesterday by the Hon. Mr. Hill about problems or re-insurance and of affiliating with either tariff or non-tariff companies sufficiently strong to be able to assist in the principles of re-insurance, which of course are accepted business practices and without which this would be a major stumbling block to the successful running of insurance. Governments in the past have provided services which, though condemned at the time of introduction, have been able to compete side by side with private enterprise as time has passed. Here, I refer to the Commonwealth Bank, the Reserve Bank—

The Hon. D. H. L. Banfield: What about the lottery?

The Hon. R. A. GEDDES: —the State Bank and possibly the Housing Trust, to name a few Government instrumentalities that have been operating successfully, and private enterprise has been able to compete profitably alongside. This Bill gives the commission authority to make contracts for every type of insurance—fire and general insurance as well as life assurance. I support in principle, subject to certain amendments to be agreed to, the formation of a fire and general insurance type of commission, but I will not support any provision in this Bill for life assurance.

The Hon. D. H. L. Banfield: Why?

The Hon. R. A. GEDDES: It is ironical that in the last Succession Duties Bill—

The Hon. D. H. L. Banfield: The one we got through or the other one?

The Hon. R. A. GEDDES: —the honourable member then said that it was only the people with much money who could afford to take out

life assurance. Today, he interjects "Why?", because the aim in the second reading speech was that the formation of a Government Insurance Commission would provide cheap insurance for the average man in the street. One assumes from that that the average man will be coerced and asked to take out life assurance; yet the honourable member now interjects "Why?", when he himself in another debate said that life assurance was only for those who were well-heeled.

There is only one State from which I can get figures on the cost of life assurance from a Government run company. The premiums for whole of life assurance with bonuses in the New South Wales Government Insurance Office are the highest in the Commonwealth of all the insurance companies that provide life assurance. For a man aged 30 at his next birthday wishing to take out \$4,000 worth of life assurance, the premium in the New South Wales Government Insurance Office is \$94 per \$1,000, the highest of any life assurance rates in the Commonwealth. Seven of the 35 companies engaged in life assurance in Australia underwrite 90 per cent of the total life assurance business, and one company alone accounts for one-third of that business. Many of the companies are mutual companies sharing their profits with their policy holders.

Criticism was made yesterday, by way of interjection, to the effect, "Look at the magnificent buildings that these insurance companies have. Surely they are making a lot of money to be able to afford such buildings." But investment in real estate has always been recognized as one of the soundest forms of investment. One great security has always been to invest in real estate, and it is interesting to note that the Bill provides for the Government Insurance Commission to invest in real estate. So, one of the first things to happen when this commission comes into being will be the buying of a building so that it can operate. Whether the buildings be large or small, I fail to see any reason why the insurance companies should be labelled with that tag, merely because they have respectable buildings.

It is estimated that it is necessary to have about 132 per cent of premiums paid in any one year as capital reserves to safely cover life assurance contracts. Although fire, accident and general insurance can be costly if claims are made as a result of earthquakes and major fire disasters, I feel that the life assurance game can be

equally costly and I can see no justification for voting in favour of this Bill—not ignoring the fact that the Government has had difficulty in proving whether or not it had a mandate from the people at the last election.

The Hon. A. J. Shard: I think I shall prove that conclusively when I reply.

The Hon. R. A. GEDDES: It is obvious that the capital costs of the commission will be high, and even socialistic Governments cannot afford to lose any more money than they are losing at the moment. At this point, I ask: if the Government has a mandate, as it claims, and if it is the people's wish that insurance be operated by the Government for the people, instead of the commission being guaranteed by the Treasury from the Consolidated Revenue Fund why hasn't the Government the courage of its Trades Hall convictions to go to the people and say, "We are going to set up an insurance commission. We want you to subscribe to it. Your money will provide the capital for it?" This is not an uncommon practice in the business world of free enterprise, with which we are all fairly familiar. Any company wishing to raise capital from the public has to present a prospectus to the public for it to see. It must give an outline of its business operations and of what type of dividend it anticipates paying. The public evaluates the position, looks into it and, if it is satisfied that this new company will be something of value, it will subscribe to it.

In spite of this, there are cases, such as we have before the courts at the present time, of companies to which people have subscribed, in respect of which there is an element of doubt about the honour of the people controlling the companies. The Commonwealth Government has to go to the people for loans. We have just had an excellent speech on the Loan Estimates by the Hon. Mr. DeGaris—and, of course, the Commonwealth Government gets the money for these Estimates from bonds, to which the public subscribe. When the Electricity Trust wants to raise capital it goes to the public and it receives some guarantee by the Government for its bondholders; similarly, with the South Australian Gas Company. Why is it that the proposed Government Insurance Commission could not go to the public in a similar way? I fail to see how Parliament could vote for such a nebulous scheme, as this Bill is without a prospectus of any statement of what the commission will need as far as finance is concerned, or what profit potential there will be

in the venture. I fail to see why, if people should be expected to take up craft industries in their own homes and at their own expense (and, therefore, I presume a private industry venture), the same people should not be allowed to invest in this extravaganza of an Insurance Commission, led by the master craftsman himself, the Premier.

The history of this Government's over-spending is well known, and the lack of initiative on behalf of the advancement of the State is obvious. I consider it is wrong that Parliament should agree to this Bill without some idea of what the State and the future is to be committed to. There are several things in the Bill on which I should like to make some brief comment. Clause 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.

This is wrong. If the commission is to set out and do its work, why cannot it obtain its staff from the public? If there is an unemployment problem, this will not solve it, but surely it would help. Clause 15 (1) states:

Every policy or contract of insurance or indemnity issued or entered into within the authority of this Act is hereby guaranteed by the Government of the State and any liability arising under such guarantee shall, without further or other appropriation than this section, be paid out of the Consolidated Revenue Fund.

At this time, if the State were not a stagnant island within Australia, there could be some respectable reasoning if we could afford to run the Insurance Office with funds from the Treasury. If the public wants this type of commission, then it is only reasonable that the Government should go to the people and say, "We will issue some bonds at a certain interest rate guaranteed by the Government." The people could then decide whether to subscribe and measure the commission on its merits. Subclause (2) states:

Any amount paid out of the Consolidated Revenue Fund pursuant to subsection (1) of this section shall be deemed to be an advance to the commission and shall be and remain a charge on the funds of the commission to be recouped when funds are available.

There is no reference to the fact that interest will be paid to the Treasury on any moneys borrowed from the Consolidated Revenue Account by the commission. I will support the proposed amendment that interest should

be paid on the moneys borrowed by the commission. I think it should be the current bank interest rate. Clause 17 (1) states:

Whilst any Act relating to income tax shall not apply to the commission, the commission shall from time to time pay to the Treasurer such sums as the Treasurer deems to be the equivalent of the amounts which would be payable by the commission if the commission in respect of its insurance business were liable as an insurance company for payment of income tax and other taxes under the provisions of any Act or Commonwealth Act.

Again, this is not sound policy. When the commission is making a profit, it should pay its dues to the Treasury not from time to time but annually, like any other individual person or company. These matters should be set out on a proper basis. I support the second reading.

The Hon. H. K. KEMP (Southern): I do not like the duty of speaking to this Bill. I do so with reluctance, but it has to be done. I think that previous speakers have elaborated sufficiently to show that the Bill has been presented to the Council in a tissue of misrepresentation, half-stated facts and clouded issues that, in fact, comes very close to untruth. The Government's proposal, on which it rode the polls to election, was merely to investigate the matter of a Government Insurance Office. It went no further than that, but at this stage we have a full-blown proposal to enter every aspect of the field of insurance.

This is very significant, in that it came very shortly after Mr. Whitlam was questioned as to how he proposed to follow the Party's plank for the nationalization of production, distribution, finance and insurance, the last of which is the base plank of the Labor Party. He said that henceforward the proposal was not to take over such nationalized institutions but to enter into the business in question—a power that every Government has—and to achieve the end of socialization by competition in the field.

The Hon. A. F. Kneebone: What is wrong with that?

The Hon. H. K. KEMP: I am not questioning it, but I think it puts the issue clearly. This Bill is the socialization of the insurance industry, and this is the first planned step. This is repugnant to me and to the people to whom I am answerable.

Insurance companies must give very close thought to why they have been picked out by the Labor Party as a first target for socialization at a time when the State's economy is no more than tottering. There

is no thought of fair play in this Bill, as the Hon. Mr. Hill said yesterday, and there is no sentiment. The truth of the matter is that the Premier has been searching for a measure that will distract the attention of South Australia from the true state of affairs.

The Premier has made an assessment of what people are thinking and saying, and I think that this assessment has probably been run through the university computer. Overall, the Premier considers that what the average person in South Australia wants (particularly the average person in the middle who determines the result of elections in nearly every case), and what he intends to give them, is public insurance, whether or not it is in the true interests of the State. It is next March that he is thinking of, or until such later date as he can remain Premier.

We must accept that the insurance industry today is not as highly respected as it was by the man in the street. It was once looked upon as the buckler and shield of the family man and the man of substance, and it still is viewed in this way in the fields of fire and disaster insurance. However, the man in the street believes that something is wrong in the fields of vehicle accident, third party and workmen's compensation insurance.

I should like to give my reasons for these statements. Yesterday I had to insure a boy's first car—a Morris 1100, which is to be used almost solely to take the boy and younger children to school. It cost \$96.85 for a \$1,000 comprehensive insurance cover. This premium will decrease if the boy drives carefully and makes no claims. However, the slightest accident, whether it is his fault or not, will cause any no-claim bonus to be forfeited, even if the highest level of driving skill could not have prevented the accident.

The premium is nearly 10 per cent of the value of the cover. I know that this is nothing like the risk that the company may face in the event of a third party claim, but this is what the average man in the street thinks of when he is insuring his car: a cover of \$1,000 will cost him nearly \$100.

I know that insurance companies are losing heavily in the motor vehicle field but the man in the street believes—and I have tested this widely—that this is to some extent the companies' fault because they do not relate the charge to the fault. The man in the street believes that they are making the good and

careful drivers pay for the damage done by the bad and careless drivers and by those who have had several accidents.

There is another instance of gross inequity in the case of young drivers: statistics, which I have never seen refuted, show that the young driver is a safe driver; the accident rate increases with the age of the driver to a peak at the age of 24; it then declines with middle-age stability and, possibly, middle-age spread, to a plateau and rises steeply again at the 50-year mark.

I am sure that this is true, but the insurance companies are the only organizations that have exact data. However, to cover their risk they charge premium rates that do not conform to the statistics I have referred to. A blanket penalty is imposed on every young driver below the age of 25, in the cases with which I am familiar, at any rate.

A logical case can be made out that insurance is, in part at least, to blame for the increase in accidents and deaths on the road. Only through the protection that insurance confers is it possible for the irresponsible and incapable drivers and those who have had several accidents to continue driving. How often have we heard people remark, "Why worry? Insurance will cover it"? This attitude is general in the public mind.

When a careful driver who has lost his no-claim bonus through no fault of his own hears an irresponsible driver make this sort of remark, is it any wonder that he objects to a system whereby he pays for other people's irresponsibility?

When repairs are done in connection with an insurance claim, it is believed that there is a scale of charges that is higher than that which would otherwise apply; the scale is as heavy as the traffic will bear. I do not know whether this is true and it is not my function to inquire, but it is my function to find out what people are thinking, and I do know that it is the general belief of the motoring community that an important part of insurance companies' costs arises from their own lack of supervision of the cost of repairs. I do not believe this but I have repeatedly heard garage hands express the desire to get into the big money of crash repairs.

A similar belief is held in connection with workmen's compensation; I believe in this form of insurance, and every person I have employed has been covered beyond the statutory minimum. However, it is interesting to note the smirk that appears on workers' faces when this

reason for absence from work is given: "He is on compo.". These words betray the belief that dishonesty is involved in workmen's compensation insurance.

Protection from financial loss through accidents and sickness is the right of every worker, but the belief is that, because of insurance companies' competition for business, they have not been as meticulous as they should have been in checking claims, and this has been one reason for their increased costs. Again, I do not believe that this is true, but the public believes it, and this is why the Labor Government believes that it will win friends if it enters the insurance field and begins to socialize it on the Whitlam plan.

I believe that insurance companies can do immense service to the community, service which the traffic division of the Police Force cannot render, no matter how hard it works. The service I refer to is that of examining insurance records and checking, without fear or favour, where the fault lies in connection with road accidents and in increasing the charges in proportion to the fault, thus increasing individual responsibility.

We must bear in mind the individual's responsibility as well as the general responsibility of the whole motoring community. We are to'd that alcohol contributes enormously to the road toll, but the non-drinker, the man who is willing to forgo his drink, gets no reward from the insurance company. Why has no insurance company shown interest in this aspect? Is it because insurance companies are certain that this is not a factor in road accidents? I do not believe this.

It is certain that alcohol is a very important factor. No matter how hard the police work with breathalysers, they cannot do the work that insurance companies could do if they refused to stand behind a driver who had been drinking and had an accident.

The Labor Government may claim that the proposed Government Insurance Office will do all these things, and more. However, I do not believe this. It has never been demonstrated that a Government Insurance Office has done these things elsewhere with any beneficial effect.

Mr. President, I intend to vote against every further stage of this Bill. It is legislation which, as I have said, is repugnant, but it is

legislation which the Labor Party has brought in after careful research. Unless the insurance companies realize how these matters of motor vehicle third party and workmen's compensation insurance are viewed by the community today and take steps to correct their working where need be, and probably equally as importantly to put the truth before the community and increase the respect of the man in the street for the protection they give to him, no protection I or others in this Chamber can give is going to protect the insurance companies from Government take-over, either direct or according to the Whitlam plan.

I repeat that I intend to oppose this Bill at all further stages and, failing its rejection, I intend to try to amend it so that the commission carries out a full feasibility test before reference to the people can be made.

The Hon. D. H. L. BANFIELD (Central No. 1): Opposition members have said that the Government intends going into this insurance business for the purpose of making money. That is not the purpose, nor is it the purpose stated in the Minister's second reading explanation. The Government has known for a long time, as have Opposition members, that plenty of hanky-panky business goes on in the insurance world. The Government believes that as a result of the setting up of a Government Insurance Office things will be fair and reasonable for everybody, for all companies will come into line, with the result that the people generally will get a fair deal. It does not mean that they will be coerced into taking out policies with the Government Insurance Office. Of course, it is believed that people will insure with the Government Insurance Office because of the raw deal they have been getting from some companies in the past.

This Bill will give authority for the commission to conduct all forms of insurance and will bring this State into line with New South Wales and Queensland. In fact, it will be just ahead of Victoria, Western Australia and Tasmania. This, of course, is subject to any alterations that might be made by this Council. The New South Wales and Queensland State Insurance Offices cover life assurance, fire and marine insurance, workmen's compensation, and motor vehicle insurance, both comprehensive and third party. Victoria, Western Australia and Tasmania do not cover life assurance, and Victoria does not cover fire and marine insurance. In fact, in addition to bringing this State into line with the other States, the Bill

will also be bringing it into line with many of the other countries that have Government insurance offices.

We were told by the Leader of the Opposition that the Bill in New South Wales was brought in by the Lang Ministry. True, when the Bill was introduced there to legalize the insurance business that had been carried on by the Government, Mr. Lang was in office, but in actual fact New South Wales had been carrying on illegally in the insurance business since 1911, and the Bill that was brought in by the Lang Government in 1927 was an enabling and validating Bill.

The Hon. R. C. DeGaris: I merely wanted to know whether you claimed it was a Labor Government.

The Hon. D. H. L. BANFIELD: I did not claim anything. The Leader said the Bill was introduced by the Lang Ministry, and so it was, but it was introduced simply to legalize something that had been carried on for many years prior to that time.

The Hon. R. C. DeGaris: You are saying it was introduced by a Labor Government.

The Hon. D. H. L. BANFIELD: No, it was not; it was introduced by a renegade leader of a Nationalist Government in 1911, a person by the name of Holman. There is no doubt that the Government has a mandate from the people of this State to set up such a commission as this, for the Government promised the people it would establish a Government Insurance Office and, as usual (along with our other promises), it is now putting that promise into effect.

The Leader of the Opposition is reported in the *Advertiser* as saying that he recognized that the Government had such a mandate. I believe he was correctly reported, for he said almost the same thing in this Chamber. The report went on to say that the Leader said outside Parliament that he thought the Government had some mandate for a proposal to establish a State Insurance Office. The report said that the Leader was speaking outside the Council after a meeting of the Liberal Party members, and it went on to say that the Parliamentary Liberal Party had discussed the Government's Bill in detail.

The Hon. A. F. Kneebone: But they don't meet as a Party!

The Hon. D. H. L. BANFIELD: We have heard for the last 2½ years that the Opposition members do not meet as a Party. I had some faith in what Opposition members had

said, but now I find the position is entirely different. According to the report (and it has not been denied), they had a Party meeting to discuss the Bill in detail. In his speech on the second reading the Leader said that there should be some restriction on the Government in the field of insurance. Does the Leader think he has a right to place restrictions on the Government in this field, when he and his Party are among the first to complain when any restriction on private enterprise is mentioned?

The setting up of a Government Insurance Office in this State will no doubt bring about a better deal, better protection and better service from all companies. Today we find insurance companies being very choosy as to whom and what they will insure. For instance, some companies are not anxious to do business with young people or with older motorists.

The Hon. L. R. Hart: Have any companies refused to insure?

The Hon. D. H. L. BANFIELD: Yes, plenty have refused to insure. It was reported to me only this morning that a person wanted to insure his jewellery business; the insurance company was prepared to give him cover for broken glass and things like that, but it was not prepared to cover the main thing for which he wanted insurance. We find that some companies will not give people motor car insurance unless they insure their household effects with those companies. In many instances people have not at that time even set up house. Companies accept premiums for high insurance cover on motor vehicles, but if a motor vehicle becomes a complete write-off they will pay only the market value of the car. Those companies should accept only the premium applicable to the market value of the car.

The Hon. L. R. Hart: These companies would accept a lower premium if a person wanted to insure for a lesser amount.

The Hon. D. H. L. BANFIELD: They will accept with both hands a larger premium, but they will pay out a smaller amount than they had contracted in their agreement to pay. Is that fair and reasonable? Why do they not do it correctly in the first place and say, "This car is worth only \$200; if it is a write-off we will pay you \$200"? However, they are prepared to accept a premium applicable to a value of \$500 when the market value of the car is only \$200, and the latter amount is all they intend to pay out if the car becomes a write-off. In some cases that is the minimum premium they will take.

The Hon. A. M. Whyte: Why don't you introduce legislation to stop them?

The Hon. D. H. L. BANFIELD: If we introduced legislation to put restrictions on private enterprise, we would hear the howl from here to South Terrace where, if the Hon. Mr. Hill has his way, the proposed new swimming pool will be established. The companies give no-claim bonuses to careful drivers but, if an accident occurs whilst a car is stationary and the owner is in no way to blame, some companies still take away the no-claim bonus. If by coming to the Government Insurance Office in the first place a person can be saved from approaching 150 insurance companies, then that is a community service that the Government wishes to give. Insurance companies have adopted practices on all types of policies and some of those practices are not in the best interests of the insured person. Competition from a Government Insurance Office will put a stop to many of those "smart" practices. However, the setting up of such an office does not mean that private enterprise will be absorbed or put out of business; it merely means another office in the field prepared to operate on a competitive basis and attempting to set such a high standard that it will be an example to some of the private companies indulging in "smart" practices.

If the companies are at present giving a fair go to the public then they will have nothing to fear from the introduction of a Government Insurance Office. If they are genuine in their dealings with the public, then their clients will not leave them. However, I think the companies' fears arise because they know that in many cases they are practically getting away with murder.

The Bill has been drawn up to take care that competition from this insurance office shall be fair. No power is given it to force any person to place insurance with the office, and no privileges are given to the commission. Under the Bill the commission must pay full stamp duty and fire protection contributions to the State Treasury together with any income tax that any ordinary company has to pay to the Commonwealth Government. Insurance companies do not like the Government entering this field of business but they are not above playing politics when it suits them. The Playford Government introduced a stamp duty tax on insurance premiums, although that tax was never displayed on accounts sent out until the time the Labor Government came to power. From then on the notices displayed, in addition to

the fees due, the amount of stamp duty. If that was not playing politics, then I do not know what it was.

Members opposite have questioned the necessity for the wide range of insurance that may be undertaken when this Bill is passed. It is, of course, obvious that this is necessary, as was shown by the people of Queensland and New South Wales when they were desirous of having a choice between insuring with a private firm or with the Government Insurance Office. In addition, it would be most undesirable for a Government Insurance Office to be restricted in its activity to the extent that it would be permitted to deal only with unprofitable lines of insurance. It is essential, if the Government is to give benefits to its policy holders, that it deals with a variety of insurance, including life assurance, in order to have room to manoeuvre. We have heard today that some types of insurance are not paying, but from reports not yet given to the House it is obvious that some types of insurance make up for those that are not a paying proposition.

Members of the Opposition have mentioned the cost of establishing a Government Insurance Office, and say that they are worried about it being a financial flop. I recall similar comments from members opposite when it was proposed to establish a State lottery. I recall the Hon. Sir Norman Jude, when discussing the State Lotteries Bill, saying (page 2378 of *Hansard*) in October last year:

I am worried about the possibility of our losing money instead of gaining. It may be a bit of a frost that will not be worth the candle; that is the danger. . . . The Hon. Mr. Banfield moved me to tears yesterday when he mentioned the benefits to be gained for hospitals.

No doubt Sir Norman's tears today are tears of anguish when he considers the success of the State lottery!

The ACTING PRESIDENT (Hon. C. R. Story): Order! The honourable member must confine his remarks to the Bill.

The Hon. D. H. L. BANFIELD: I am tying it up with the fact that people in this State are assured of good coverage from the Government generally, including the insurance office. It will be recalled how many comments were made during the debate, and I hope that you, Mr. Acting President, will not be harder on me than the President was on other members when they were speaking.

The ACTING PRESIDENT: The honourable member can speak to the Bill and he will not be interrupted.

The Hon. D. H. L. BANFIELD: People have received great benefit from the other Government instrumentalities set up as a result of the State lottery, and up to June 30 last \$50,000 had been paid to hospital funds. That was after only six weeks of operation, and I think an equal amount of stability will eventuate shortly after the setting up of a Government Insurance Office. It is interesting to note that many people claimed that it would be costly to set up the State lottery. That same claim is made in this case. If we can compare the State lottery with the Government Insurance Office, it will be found that the Lotteries Commission borrowed only \$40,000 with which to set up the lottery, yet by the end of July over \$173,000 had been made on the first 10 lotteries.

The Hon. R. A. Geddes: Would the honourable member predict that the Government Insurance Company profits would be as high in as short a time?

The Hon. D. H. L. BANFIELD: What I do predict is that the profits will result in the people receiving benefits in a much shorter time because it will be found that the other insurance companies will revise their present tactics and immediately give a better service to the public.

The Hon. R. A. Geddes: To the detriment of the State Insurance Commission.

The Hon. D. H. L. BANFIELD: No. The Government is prepared to enter into this field on a completely fair and competitive basis. We do not expect it to be detrimental to other insurance companies. However, it will be to the detriment of those companies if they are not fair dinkum. They will have nothing to fear if they are fair dinkum in their approach. From all the complaints we have received, we do not think that they are sincere. Members opposite have told us that insurance companies are staying afloat only because of income from their investments. The Commonwealth Statistician's figures do not bear this out.

The Hon. R. A. Geddes: That is in certain departments of insurance.

The Hon. D. H. L. BANFIELD: Yes, but most of the insurance companies are not restricted in the type of insurance they accept and if they lose on the hurdy-gurdy they get two rides on the merry-go-round. From the Commonwealth Statistician's figures it will be found that premiums on general insurance in South Australia in 1965-66 amounted to

\$49,433,000 while claims during that period totalled \$27,843,000, which is about 57 per cent of the premium. It is known that insurance companies have expenses over and above those figures, such as taxation, commission, and general charges, together with expenses of management.

The Hon. R. A. Geddes: Don't you think that the Government Insurance Office should pay those too?

The Hon. D. H. L. BANFIELD: It will have to pay them; it will not have people working for nothing.

The Hon. R. A. Geddes: The Government is getting its money interest free.

The Hon. D. H. L. BANFIELD: I suggest that it is not the case that the insurance companies are keeping afloat only by their investments. I am suggesting they are not doing a bad job if there is a difference between premiums and claims of some 43 per cent. We do not know all the detailed charges but we probably know the charges as far as taxation is concerned, although anything can go into an expenses account. Many people say they do better from their expenses account than from their salary.

I do not say anything about the taxation side of this but I have heard people say they do not do too badly from their expenses account—and, judging by the sizes of their expenses accounts, the insurance companies do not do too badly, either. For 1965-66, when total premiums in South Australia amounted to \$49,433,000, the expenses of management amounted to \$9,298,000 and taxation came to \$1,576,000. To be fair and above board, it can be seen that a margin of 10 per cent was swinging, and 10 per cent of \$49,433,000 is not a bad cop at all.

The Hon. S. C. Bevan: On what money-making basis is that \$49,433,000 shared?

The Hon. R. A. Geddes: How many companies share that \$49,000,000?

The Hon. D. H. L. BANFIELD: Never mind that. The fact remains that it is not a bad cut.

The Hon. A. J. Shard: Not as good as the lottery.

The Hon. R. C. DeGaris: Does that include life assurance?

The Hon. D. H. L. BANFIELD: No—purely general insurance, and in South Australia only.

The Hon. H. K. Kemp: It does not include car insurance.

The Hon. D. H. L. BANFIELD: The Hon. Mr. Kemp has not done his homework if he says that car insurance does not come into it. Let us look at it. For motor vehicle compulsory third party insurance, the premiums for 1965-66 in South Australia amounted to \$7,867,000, and claims amounted to \$6,975,000. There is not much difference between those two figures—only about \$1,000,000 in it. I do not want to be restricted on that; I do not want to build that figure up too much.

The Hon. A. J. Shard: Only \$1,000,000—chicken feed!

The Hon. C. D. Rowe: We want to be fair. You have taken premiums received and total payments made; you are not taking into account the administration expenses.

The Hon. D. H. L. BANFIELD: Excuse me: apparently the honourable member has not been listening, because a short while ago I gave the figures. I will give them again so that there shall be no misunderstanding. Let me say, for the benefit of the Hon. Mr. Kemp, that the previous figures included fire, householders' comprehensive, sprinkler leakage, loss of profits, and hailstone—in group A. Then group B—marine; group C—motor vehicle, compulsory third party and other; group D—employers' liability and seamen's compensation; group E—personal accident; group F—public risk third party, general property, plate glass, boiler, livestock, burglary, guarantee, pluvius, aviation, all risks, television, and other. So that is a comprehensive field. The total amount of premiums was, as I have said, \$49,433,000 for 1965-66, while the claims amounted to \$27,843,000. The expenses for the commission and agents' charges came to \$5,312,000, management expenses amounted to \$9,298,000, and taxation was \$1,576,000, all of which makes an expenses total of \$44,029,000, which leaves 10 per cent swing-in.

The Hon. R. C. DeGaris: Are there any claims outstanding there, or not?

The Hon. D. H. L. BANFIELD: These claims are shown as having been paid in 1965. The claims were probably submitted in 1964. Any claims now outstanding will no doubt be paid in 1966-67.

The Hon. R. A. Geddes: Don't you think that some of that 10 per cent will be used to settle those claims?

The Hon. D. H. L. BANFIELD: These are facts. I can go further back if the honourable member wants me to. In 1962-63 the total premiums amounted to \$36,951,000 and total expenses for the same year amounted to \$32,384,000. In 1963-64 (and this is premiums only; it does not include interest, dividends, rent, etc.) the premiums were \$41,138,000, and expenses were \$35,123,000. In 1964-65 premiums amounted to \$44,772,000 (and that, incidentally, is an increase of \$8,000,000 in those two years) and total expenses came to \$40,703,000. Finally, as I have already said repeatedly, total premiums for 1965-66 amounted to \$49,433,000 (excluding interest, dividends, rent, etc.) and expenses totalled \$44,744,000.

I was interested in a television programme the other night that set out to discover what the people thought about the establishment of a Government Insurance Office. The man comping the show said, amongst other things:

Now *Newsbeat* endeavoured to get the insurance industry to present its case against the establishment of a Government Insurance Office. However, the insurance world, usually voluble on most matters, closed its ranks. *Newsbeat* did get a letter from Mr. C. J. Beaumont, the Chairman of the Fire and Accident Underwriters Association of South Australia, the spokesman for the industry, the letter said, and I quote

"My committee appreciates the opportunity given by Channel 9 inviting us to be interviewed on *Newsbeat*. However, the committee feels the impression has been deliberately created in certain political quarters that opposition to the State Government Insurance Commission is purely a matter of self-interest on the part of insurance companies. The committee feels it should take no further part in any debate which could tend to strengthen that impression. Nor is it necessary to do so, since there are obviously many independent organizations in this State who oppose the idea, and are prepared to put up valid arguments against it."

That was a refusal by the Chairman of that association to state the case for the industry. That is not why the industry opposes the establishment of a Government Insurance Office.

The Hon. A. J. Shard: They were doing a little lobbying.

The Hon. D. H. L. BANFIELD: They felt there were members in this Council who would present their case, and it would not be made quite so public. The article continued:

Now *Newsbeat* took up the challenge and found some members of the insurance industry who disagreed with the Fire and Accident Underwriters Association, and welcome the Government Insurance Office establishment.

I am quoting some of the things that were said on *Newsbeat*.

The Hon. C. D. Rowe: Do you agree with everything that is said on *Newsbeat*?

The Hon. D. H. L. BANFIELD: As a matter of fact, rarely do I get the opportunity to see *Newsbeat* but I saw it on that particular Tuesday night.

The Hon. A. J. Shard: It is usually very good.

The Hon. D. H. L. BANFIELD: I could agree with it on this occasion because I knew that the people who were talking knew what they were talking about. If honourable members do not agree with me, perhaps they will not agree with the statement made by Mr. Thomas who, I understand, is the Secretary of the Adelaide Chamber of Commerce. The transcript of the interview with Mr. Thomas states:

Mr. Thomas, does your chamber have any objection to the establishment of a Government Insurance Office?

Well, the Chamber of Commerce stands for free enterprise and works for free enterprise, and its basic philosophy is that Government should govern, and private enterprise should run the various types of business that are run in Australia. We feel that some regulation of business is necessary, but we don't feel that Governments should enter into the field of private enterprise.

This is any type of Government, either Liberal or Labor?

It makes no difference, that is the basic philosophy of a chamber of commerce, and I think a lot of other associations in Australia. We resist or try to resist to the best of our ability any intrusion by Government into any private enterprise field.

What about the fact that Government Insurance Offices have been established already in other States?

That makes no difference, we still would be against it, and from the figures that Mr. Macklin quoted in the press recently, the Government Insurance Offices have made losses on their premium income, but they have only managed to show a profit on their investment income. Now some of those have been established for many years, and have created reserves, and those reserves have been invested, and that's what's keeping them going. We fail to see at this stage how the South Australian Government, irrespective of what Government it is, can show a profit.

I want to be fair in this regard. The next interview was with Mr. M. J. Butler, the South Australian Manager of a national independent insurance company, who disagreed with the chamber's viewpoint. Mr. Butler is the manager of one of the 150 companies that some people have said are opposed to the

introduction of a Government Insurance Office. The transcript of the interview with Mr. Buller states:

Mr. Butler, how does your company view the establishment of a Government Insurance Office?

We are 100 per cent in favour of it. We feel that the only reason the tariff companies are scared of the introduction of a Government Insurance Office is the competition it will bring to bear on the tariff companies.

Are they scared because their own industry is inefficient?

Partly, their underwriting principles that they adopt today in Australia are that far behind world trends that they have got a "hotch-potch" of something they can't get out of.

And have the Government Insurance Offices in other States affected the insurance industry?

Most effectively, Sydney, Melbourne, Tasmania, Western Australia and Queensland particularly. The Queensland office in 1965, which had a monopoly on workmen's compensation, brought in a profit of \$4,200,000. In 1966, it had a profit of \$5,500,000. Where it competed with the general companies in the open market, on fire and accident, it had a profit of \$1,800,000 in 1966, and \$500,000 in 1965.

Do you think the establishment of a Government Insurance Office, as an alternative, is a good idea?

Very good, even to the extent (and I know this is the company policy) that we are not against nationalization of insurance companies.

The Hon. C. D. Rowe: Where did you get the transcript of this interview?

The Hon. D. H. L. BANFIELD: Did you ask for one?

The Hon. C. D. Rowe: No.

The Hon. D. H. L. BANFIELD: If anyone wants something from heaven he has to ask for it, and if anyone wants something from channel 9 he has to ask for it. The transcript continues:

Do you feel the tariff companies object to the Government Insurance Office because it offers so many different fields of insurance?

Most certainly; if they had to confine themselves to motor vehicle, workmen's compensation and third party, there would be no screams from your tariff companies at all.

The Hon. C. M. Hill: What's Mr. Butler's company?

The Hon. D. H. L. BANFIELD: I could give the name, but I do not intend to do so.

The Hon. R. C. DeGaris: How long is he remaining there?

The Hon. D. H. L. BANFIELD: He is quite happy. I do not want to advertise any insurance company, but if the honourable members press me—

The Hon. M. B. Dawkins: You aren't on television now.

The Hon. D. H. L. BANFIELD: I cannot find the name of the company. The transcript of an interview with a Mr. May, taxi operator, states:

Mr. May, does the taxi industry believe it will get a better deal from the establishment of a Government Insurance Office in South Australia?

I would say most certainly yes, the reason being that possibly the competition it would give to these other insurance companies who have had up until now a monopoly on insurances.

How do taxis get on for insurance?

Well it is very very difficult to get cab insurance, particularly for a man who is freehold. Insurance companies have to take a cab that is not freehold, that is, under hire-purchase. They must take these from the big combines. But a man who is freehold finds it very very difficult to get private insurance.

It seems that taxi owners are being fleeced by insurance companies through high-cost insurance. Can you elaborate on this?

Yes, well, the taxi industry does find it hard to get insurance, and the cost is terribly high. For argument, for a \$1,000 coverage it costs a man \$225, plus the stamp duty for \$1,000.

If a taxi operator can secure insurance from an insurance company, the minimum it will insure his cab for is \$1,000 for a premium of \$225.

The Hon. Sir Arthur Rymill: That covers other risks, too.

The Hon. D. H. L. BANFIELD: If his cab is worth only \$500 and it is completely written off, the owner is paid only \$500, yet the company will not give coverage for less than \$1,000.

The Hon. Sir Arthur Rymill: But that is not just a cover for \$1,000. There are all sorts of other things covered.

The Hon. D. H. L. BANFIELD: Is it any wonder the taxi companies consider that they are getting a raw deal from the insurance companies? This is comprehensive coverage, and the insurance companies are not happy to insure taxi operators. If an insurance company takes a taxi operator because he has other insurance with the company, it insists on a minimum coverage of \$1,000, with the minimum cost of \$225. If the cab is worth only \$500 and is completely written off, the owner receives only the \$500.

The Hon. Sir Arthur Rymill: Don't you think the comprehensive policy covers third party risks as well?

The Hon. D. H. L. BANFIELD: No.

The Hon. Sir Arthur Rymill: This shows that you don't understand your subject.

The Hon. D. H. L. BANFIELD: The compulsory third party insurance is covered by a separate policy, and the honourable member would know this because it was his Government that brought in that insurance.

The Hon. Sir Arthur Rymill: What about third party risks that are not covered by third party policies? Are they not covered by the comprehensive policy, or don't you know?

The Hon. D. H. L. BANFIELD: The third party risk covers persons who are injured in accidents and it is separate from the comprehensive policy which the taxi companies use to cover their vehicles.

The Hon. Sir Arthur Rymill: Well, you don't know much about insurance.

The Hon. D. H. L. BANFIELD: Opposition members have been telling us about this matter for some time. The following is the transcript of further questions and answers on *Newsbeat*:

And do some of the insurance companies put up barriers towards taxis being insured?

Oh yes, most certainly. I venture to say that possibly a private man could go around to 95 per cent of the insurance companies in Adelaide, and he would not be able to get insurance on his own initiative.

And how do you grant claims by some of the tariff insurance companies that the establishment of a Government Insurance Office is going to be unfair competition?

Well, I can't see that at all; I think that that's an absolutely ridiculous statement. I think that the establishment of a Government Insurance Office would be most desirable.

The compere then went on to obtain a taxi driver's view. This driver did have a name, unlike the truck driver who receives a mention in the *Voice of South Australia*, which is prepared in the Liberal Club building. The transcript continues:

What do your think of the establishment of a Government Insurance Office in South Australia?

I think it's a wonderful thing. It will bring fairness to the industry, and everyone will get a fair go.

You think the insurance companies regard the taxi industry as a whipping boy?

Absolutely! No. 1!

Could you give us some instances on this? Would you?

Well, these rises, they can be born overnight. They can be brought out and we just have to toe the line—a \$30 raise or whatever they wish. It becomes law immediately. A man-made law overnight, which I think is very unfair.

How do you think the Government Insurance Office will help you?

Well, I think it will be fair to everybody, whatever the laws made. And, well, everybody will appreciate it. I think they'll give a fair go.

The F.A.I. group of insurance companies, an independent operator throughout Australia, offers a claim bonus of 60 per cent. Its State Manager is Mr. J. Retinis.

Mr. Retinis, how does your company view the establishment of a Government Insurance Office in South Australia?

Well, we are not very much concerned about it, because in the past we have been competing against 173 different insurance offices and in the future we will be competing against 174.

The Hon. A. J. Shard: Who was this person?

The Hon. D. H. L. BANFIELD, This was the manager of the F.A.I. group of insurance companies and, incidentally, I have spoken to this man because I did not want to misquote him. This transcript has been read to the gentlemen and they all agree that this is what they said on the air. I also spoke to Mr. Thomas of the Chamber of Commerce, and I think I was being fair to all concerned. This manager said:

We are not very much concerned about it, because in the past we have been competing against 173 different insurance offices and in the future we will be competing against 174. That can be said also, of course, with the proviso that the Government Insurance Office is going to compete against all the other companies on an equal footing.

Well, this happens in other States, does it not?

It does happen in all other States, apart from Queensland.

And what is the position there?

Well, as far as Queensland is concerned, there is a Queensland Government Insurance Office in a somewhat monopolistic position.

A number of insurance companies, including your own, have introduced low-cost insurance on to the Australian market. This seems to have stimulated the business generally.

Yes. It has been very interesting, and also I can say that at this stage a very, very successful experiment. It has changed the insurance scene to a very, very large extent in this State.

And this is why you don't fear competition from the Government Insurance Office?

No; because we consider ourselves as a pacesetter.

We find that four out of five people interviewed are in favour of the Government's setting up an insurance office, and this is 80 per cent, compared with the 73 per cent that was in favour of setting up a State lottery.

We also find that the *Advertiser*, and rightly so—it has the right of a freedom of choice and it exercises it to a considerable extent—is printing letters that we believe are instigated by the managers of certain insurance companies. The

majority of letters appearing in the *Advertiser* oppose setting up a Government Insurance Office. I have here a copy of a letter that was forwarded to the *Advertiser* on August 11 but it has not yet been published and I feel fairly certain it will not be published. Consequently, it is my duty to read the letter: it states:

I have read the almost unanimous objections against State Government entry into insurance, suspiciously, I have seen in every State of Australia the huge pretentious buildings and have often considered the gigantic strangle-hold insurance companies have made in obtaining cheap money in Australia and the subsequent obstruction to buildings, farms and industrial development generally, I try to visualize advantageously their status symbol in our society.

Members, to be quite fair should have a conscience vote on this regardless of Party politics. After all the Government has enough capital equipment to run its own insurance. Of the 175 companies licensed under the Stamp Duties Act in the *Government Gazette* of May 4, 1967, in South Australia only two were incorporated in South Australia, the rest were British, foreign owned or other companies incorporated elsewhere and together they hold premiums valued in 1965 at the staggering figure of nearly \$88,000,000 for all types of insurance in South Australia.

Neither we nor any politician has any obligation to any British or foreign investment that sends its capital gains out of South Australia, and for those who keep on advocating the value of unrestricted overseas investment in Australia and its worth. Take one look at Kalgoorlie and you will agree its almost worthlessness as a place we Australians can be proud of, in spite of the wealth unearthed there.

When it comes to national emergencies, bush fires, floods, droughts and the numerous misfortunes, national and private, that are nearly always outclassed by most insurance companies, either the public or the Government is left to make substantial grants to relieve distress and out of no insurance pool. So I submit this is one valid reason which together with the nationally mutual advantage we would gain from the vast profit, that could mean reasonably priced loan money for local industry and housing, more for education and generally augment Government revenue, at no more cost to the public.

I am not in agreement with socialization, nor am I in agreement with the Chamber of Manufacturers' view in this respect, who have no right in dictating a "layoff policy" to the Government regarding its projected entry into insurance. It would earn more credit if it looked after the serious problems of the small industries, whom it ignores, instead of concentrating on running a lucrative insurance office.

The Government has had an entry into all trades and professions seemingly with two exceptions, insurance and fringe finance, as these are our costliest ways of life. God speed the day when the Government will set up these long needed departments.

Regarding the profit possibility from general insurance only in 1965-66, \$49,500,000 were collected in South Australia for premiums and the claims total paid out was \$27,500,000—just over half.

Not one responsible person, *nom de plume*, insurance company or member of Parliament has put forward one valid reason backed by figures, facts or logic why the State Government should not start in insurance business. They may have however just passed an opinion, and as no indigenous organization in South Australia would possibly set up insurance business without foreign capital, then let us end this shocking capital drain from this State, which is largely responsible for the present unemployment position, and set up a Government Insurance Office and give the public of South Australia a chance to get reasonable insurance, more competitively and logically. If it is reasonable for Parliament to allow all foreign companies to participate in open insurance competition, then what enemy within this State denies our State Government the franchise to do just the same?

The Hon. Sir Norman Jude: That would be the same chap who gave you information on another matter.

The Hon. D. H. L. BANFIELD: The honourable member would be surprised if he knew who that gentleman was. He could get the name if the *Advertiser* would print the letter. This gentleman signed his name on the bottom of the correspondence, and if the *Advertiser* printed the letter it would be open for the honourable member to peruse.

The Hon. Sir Norman Jude: It is a supplement, not a letter.

The Hon. D. H. L. BANFIELD: It did not even get a mention in the *Advertiser*. The State Government Insurance Office of Queensland celebrated its Golden Jubilee last year, and its 50th annual report should dispel any doubts honourable members might have regarding a Government-run insurance office. That report states:

The achievements of the office, since its formation in 1916, reflect the confidence which it has enjoyed from the insuring public of Queensland. In return, the office has reciprocated by providing the greatest range of insurance benefits ever known in the history of insurance in Australia. The planning over the last five decades has been aimed at maintaining a service based on the principle of maximum benefits to policy holders at the minimum possible cost. This was the reason for its foundation, and the office, despite its great success in the insurance world, has never forgotten that the basis for its existence is the general welfare of the people of Queensland.

The profit distribution by the Queensland State Government Insurance Office has practically doubled since 1963, when the profit distribution was \$5,394,632. In 1964, it was \$5,432,980; in 1965 it was \$8,574,690; and in 1966 it was

\$10,238,322. All these figures can be found in the 50th annual report of that office.

The Hon. R. C. DeGaris: Were all costs taken into account in those figures, or does the office get any free service from public servants?

The Hon. D. H. L. BANFIELD: The Leader can ask the Parliamentary Librarian to make that report available to all Opposition members, and they will be able to see the position for themselves. I assure the Leader that what I am reading out is an extract from the report. The premium income in Queensland has doubled in seven years. In 1966 every department topped previous peak production standards. The Queensland office last year invested a record \$24,000,000, and its investments covered a fairly wide field. It invested in Queensland semi-government and local authority loans \$6,400,000; Queensland housing societies loans, \$1,600,000; loans on policies, \$1,000,000; mortgage loans \$7,400,000; company debentures and notes \$3,800,000; company ordinary and preference shares \$2,600,000; and real property \$1,200,000. This is where the Government insurance office in Queensland assists the State.

The Hon. L. R. Hart: Don't you think it is about time it reduced its premium rates?

The Hon. A. J. Shard: It is about time we started one here and shared in the profits.

The Hon. D. H. L. BANFIELD: The Queensland office has been a major investor in semi-government and local authority projects in every district in Queensland, having invested \$128,500,000 in that field of investment. The State of Queensland has about the same population as South Australia, and it is for that reason that I have pointed out the benefits of a Government insurance office in that State. I think it clearly shows the benefits that could be enjoyed by this State. I can say without fear of contradiction that there are more insurance companies in Queensland today than there were 50 years ago when the Government office commenced operations there, which is a clear indication that these companies do not fear Government insurance.

There are also some interesting remarks in the report of the Victorian Insurance Commissioner when submitting the annual report for 1965 at the conclusion of the 50th full year of trading by the Victorian State Accident Insurance Office. The Commissioner said, amongst other things, that he and his predecessors had endeavoured to attain the laudable objectives reported in *Hansard* in

1913 and enunciated by the then Chief Secretary, the Hon. John Murray, that it was proposed to establish a Government office that would give insurance at the very lowest possible premiums. The report went on to say:

Notwithstanding the increase in administrative costs, we continue to operate at a low overhead and our ability to offer insurance at the lowest economical rates has influenced the general market for Workers' Compensation and comprehensive motor vehicle insurance.

I was interested in a remark made by the Hon. Mr. Rowe when he was speaking in this debate. I thought his voice had a tone of personal envy and Party frustration. He referred to the attributes of the Premier, the Hon. Mr. Dunstan, and that was where the envy came in. The honourable member knows he never had the same appeal that the Premier has. The Party frustration showed up because it is well known that the Opposition selected its Leader in another place simply on what it thought would be the best television personality of the Party. The frustration came when the Labor Party selected its Leader on ability when coincidentally he had the personality as well. Not to be outdone, the Opposition has now talked its Leader into joining the iceberg brigade and exposing himself to the chilling winds of the winter mornings.

The Hon. L. R. Hart: Is that in the Bill?

The Hon. D. H. L. BANFIELD: The Hon. Mr. Rowe got away with comments of that type. I understand that it has been suggested to the Leader that he should take out a larger insurance policy now that he has become a member of the iceberg brigade. To his credit, I understand that the Leader said, "I shall wait until the establishment of a Government Insurance Office before taking out a larger policy." I also understand that he had been waiting for many years to take the plunge. I get this impression because of the old-fashioned swimming costume he was wearing for the occasion. He must have taken a long time to make up his mind to join the iceberg brigade.

The Hon. Sir Norman Jude: You are going to change all your policy shortly, are you?

The Hon. D. H. L. BANFIELD: The Leader should change his swimming costume. Many people have commented that he was wearing an old-fashioned costume. The Hon. Mr. Gilfillan referred to the unemployment position in South Australia. You, Mr. President, said that did not come into the present topic, but I agree with the Hon. Mr. Gilfillan that it does, because if a person is unemployed he cannot pay his insurance premium. When

the Hon. Mr. Gilfillan was asked how much was being spent by the Commonwealth Government in the various States at present, he apparently had second thoughts about it, because he said he could not see that that was relevant.

Of course, we know that at present the Commonwealth Government is spending over \$3,000,000 less in South Australia than it was doing in 1961, and as employers generally suggest that wages represent the greatest cost in any of these works it means that if the Commonwealth was to spend only as much in this State today as it was spending in 1961 (when there were 4,000 more unemployed than there are today), there would not be nearly as many unemployed people in this State as there are at present.

The Hon. Sir Arthur Rymill: What has all this to do with insurance?

The Hon. D. H. L. BANFIELD: I haven't a clue, but the fact remains that every honourable member opposite who has spoken on this matter has referred to the unemployed people in this State. I agree with Sir Arthur—what it has to do with this Bill I do not know. However, as this point has been raised, it has to be answered.

The Hon. A. J. Shard: And you are the one to do it.

The Hon. D. H. L. BANFIELD: Having got an admission from the Hon. Mr. Gilfillan that he could not see how extra expenditure by the Commonwealth in this State would improve the unemployment position, I thought I had heard everything, but then the Hon. Mr. Hill said something. He told us (and I quote from the *Hansard* proof):

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.

I suggest there has been a complete change of policy by the Liberal Party. The honourable member intends to put a restriction not only on the Government but also on the freedom of individuals by prohibiting them from taking out insurance policies with the Government Insurance Office if they happen to want a

policy in excess of \$30,000. I have always understood (and we have heard it said frequently in this Chamber) that the Liberal Party believes in freedom of choice for the individual, but here it is restricting anybody who wants to write a policy for more than \$30,000 from taking it out with the Government Insurance Office.

The Hon. A. J. Shard: That is perfectly true. You keep going!

The Hon. D. H. L. BANFIELD: What has happened to the champions of competition? What has happened to the rights of the individual? I want to know whether this is the Hon. Mr. Hill's personal view on the matter or whether it is the policy enunciated at the Liberal and Country League Building last week, when a conference was held in front of the television cameras for the opening ceremony and then the publicity men were shut out while the members of the conference continued their secret session, a procedure entirely opposite to that of the Australian Labor Party when it is formulating its policies. When it holds its own domestic meetings the press is always admitted, but the Liberal and Country League Party is not prepared to open its doors to the public in case the public gets an incorrect impression of what goes on at the meeting.

The Hon. A. F. Kneebone: Who are the faceless men there?

The Hon. D. H. L. BANFIELD: The men behind the doors. The press cannot get any indication whether there is any difference in conference procedure between the two Parties. Perhaps there is no difference. Perhaps with the Liberal and Country League it is like Soviet Russia: they get 100 per cent decisions.

The Hon. Sir Arthur Rymill: What has this to do with the Bill?

The Hon. D. H. L. BANFIELD: The press are admitted to all conferences held by the Labor Party but not to those held by the Liberal and Country League. This has nothing to do with the Bill, not a thing, except that I want to know whether it is the policy of the Liberal and Country League to restrict an individual in making up his mind where he will take out an insurance policy. If this is the policy of the Party, let us hear about it; if it is the policy of the honourable member, he is entitled to have it. Had the press been admitted to this conference we might have known the real policy of the Liberal and Country League.

The Hon. C. M. Hill: The view I put forward was entirely my own.

The Hon. D. H. L. BANFIELD: No wonder it was so weak! Then the Hon. Mrs. Cooper and the Hon. Mr. Potter agreed that this legislation was 50 years too late. I agree with both of them: it is 50 years too late.

The Hon. Jessie Cooper: To be profitable.

The Hon. D. H. L. BANFIELD: I do not know, unless there has been a big slump since June, 1966, when the Queensland Government Insurance Office did not show a bad profit. There must have been a terrific slump, and it could arise from the fact there has recently been a change of Government in Queensland. According to the 1966 report, the Queensland Government Insurance Office showed a handsome profit and record business. Now the honourable member says we are 50 years too late from the point of view of profitability.

The Hon. Jessie Cooper: If you read my speech, you will see why.

The Hon. D. H. L. BANFIELD: It was not only because of investments; I have given figures for South Australia in 1964-65, and I will not go through them again.

The Hon. A. J. Shard: Don't repeat yourself!

The Hon. D. H. L. BANFIELD: I agree that it is 50 years too late. Both honourable members must agree with me that their Party was in power for the greater part of that period and had the same opportunity to introduce legislation of this sort as this Government now has.

The Hon. Jessie Cooper: We had more sense.

The Hon. D. H. L. BANFIELD: The Queensland Government had sense, and Queensland has benefited by many millions of dollars as a result. Although we are about 50 years behind the other States, it is not too late for this Government to enter the field, even at this stage. In conclusion, it is significant that, although other States have had State Government insurance, private insurance companies have been able to operate successfully, and there is no reason to believe that they will not be able to do so here. It is also significant that, in spite of changes in Government from time to time in other States, there has been no move to abolish State Government Insurance Offices.

The Hon. Sir ARTHUR RYMILL secured the adjournment of the debate.

ADJOURNMENT

At 5.9 p.m. the Council adjourned until Thursday, August 17, at 2.15 p.m.