LEGISLATIVE COUNCIL

Wednesday, August 12, 1970

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

QUESTIONS

GOVERNMENT INSURANCE OFFICE

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

Leave granted.

The Hon. R. C. DeGARIS: Yesterday, in replying to a question asked by the Hon. Sir Arthur Rymill, the Chief Secretary said that, before the Government took office, a study had been made of the operation of a Government insurance office. He also said that material was supplied from university sources concerning the profitability of insurance offices of medium size that do business of the kind proposed for the Government insurance office. As the State Government Insurance Commission Bill will shortly be debated in this Council, will the Chief Secretary make available to honourable members the report on the profitability of insurance offices that was obtained from university sources?

The Hon. A. J. SHARD: I will refer the question to the Premier and, if possible, bring down a report.

HOSPITAL ADMINISTRATION

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

Leave granted.

The Hon. V. G. SPRINGETT: In today's *Advertiser* the Minister of Health is reported as saying:

The State Government has set up a committee to receive and examine representations immediately from medical and nursing staffs of all State Government hospitals. The Minister of Health (Mr. Shard) said yesterday that the committee would also examine representations from staff associations and kindred organizations. Its overall task would be to investigate the improving of methods of communication within hospital administrative structures and, particularly, the methods of communication between medical and nursing staffs and the boards of management in Government hospitals.

Can the Minister give details of the personnel of this committee?

The Hon. A. J. SHARD: Wasn't that information given in the *Advertiser*?

The Hon. V. G. Springett: No.

The Hon. R. C. DeGaris: Haven't you any public relations officers?

The Hon. A. J. SHARD: Sometimes the newspapers do not print what I give them. The members of the committee are: Mr. W. Voysey, Chairman of the Policy Secretariat, Premier's Department; Dr. J. Young, Senior Registrar in General Surgery, Royal Adelaide Hospital; Mrs. M. Ladkin, Executive Secretary, Royal Australian Nursing Federation; and Mr. J. M. Blandford, Hospital Administrator, Hospitals Department.

ROAD SCHEDULES

The Hon. C. M. HILL: I ask leave to make a short statement prior to asking a question of the Minister representing the Minister of Roads and Transport.

Leave granted.

The Hon. C. M. HILL: On July 26, 1968, as Minister of Roads and Transport, I released to all members of Parliament the Highways and Local Government Department schedule of proposed works for the year ending June 30, 1969. The same procedure was adopted in the following year so that honourable members could peruse proposed road expenditures and allocations to local councils for the year ending June 30, 1970. The release of these documents was a change from previous practice. Prior to July, 1968, very little budgetary information about the Highways Fund was made public. Members of local councils, in consultation with their local members of Parliament, found the schedules most informative, as their own annual allotments and proposed grants to neighbouring councils, and to alternative Highways Department districts throughout the State, were available for all to peruse. My questions are: (1) Does the Government propose to continue the practice commenced by the previous Government of releasing these annual schedules to members of Parliament? (2) If so, when can we expect to receive the subject document for the current year?

The Hon. A. J. SHARD: I shall be pleased to refer the question to the Minister of Roads and Transport.

THIRD PARTY INSURANCE

The Hon. R. A. GEDDES: I direct a question to the Minister representing the Attorney-General in this Council. With compulsory third party insurance for all motor vehicle owners, will the owner of a motor vehicle be personally liable to a claim for damages by a third party if his insurance company becomes insolvent?

The Hon. A. J. SHARD: I think all honourable members would agree that this question should be referred to the Attorney-General. I shall be pleased to do that.

HEALTH PROBLEM

The Hon. V. G. SPRINGETT: In view of the increasing numbers of substances being found to be carcinogenic and the recent announcement of fly strips coming into this category, will the Minister of Health assure the Council before taking any action against these substances there will be no witch-hunting and that the constant danger that fly-borne diseases constitute to communal health will be borne in mind?

The Hon. A. J. SHARD: I did not get the import of the question clearly but I shall be happy to discuss it with the Director of Public Health and bring back a reply.

RECREATION RESERVES

The Hon. C. M. HILL: Recently, I asked a question about the policy of the Government in regard to a newly announced method by which local government was to be granted money not only for the purchase of reserves but also for their development. I understand he has a reply.

The Hon. T. M. CASEY: The Minister of Local Government, on whose behalf I give the reply, reports:

On land recently acquired, the councils of Henley and Grange, and Payneham, are entitled to benefit under the new scheme announced by the Government. To date no payments have been made for councils to develop recreation reserves under the new scheme. The payments will be made to councils on the Government approval of a new policy for subsidies as from July 1, 1970, on the following basis:

(1) A subsidy of 50 per cent of Land Board value of land recommended by the Public Parks Advisory Committee as suitable for recreation purposes.

(2) A subsidy of up to 50 per cent of the actual cost of development of land bought under (1) above. Such subsidies will be granted on schemes recommended after consultation between the Secretary for Local Government and the Director of the Tourist Bureau. Subsidies will vary up to 50 per cent, depending on the need of the area and the type of development. Development subsidies will not be available on land subsidized prior to July 1, 1970.

As the above information indicates, the subsidies will not be granted until after consultation between the Secretary for Local Government and the Director of the Tourist Bureau, so that availability of funds from both sources will be considered in relation to the type of scheme submitted by councils.

CITRUS

The Hon. C. R. STORY: I seek leave to make a short statement prior to asking a question of the Minister of Agriculture.

Leave granted.

The Hon. C. R. STORY: I read in the *Loxton News*, a publication that circulates in the Upper Murray, that the Minister of Agriculture had arranged for an advance of $4,000 for the processing of navel oranges into juice. Can the Minister tell me whether this scheme is proceeding, the districts from which the fruit will be drawn, and the name of the company that will do the processing?

The Hon. T. M. CASEY: At the time an approach was made by officials of the Citrus Organization Committee to the Government for a guarantee of $4,000 so that fruit could be processed, it was to show the Government's good faith in the industry generally. The Government agreed that, if it was necessary to have the fruit processed into juice, it was prepared to help the industry as much as possible. However, the C.O.C. ran into difficulties, in that it was unable to have the fruit processed; this was no fault of anyone in particular, but was mainly because the juicing company could not handle the amount of fruit that was available. In these circumstances, the fruit that was intended to be juiced by the C.O.C. could not be juiced at that time. I understand that, as a result of that, no action was taken in respect of this $4,000 which the Government was prepared to make available, and it was not used at that stage.

PINE FORESTS

The Hon. H. K. KEMP: Has the Minister of Agriculture a reply to the question I asked on July 28 regarding whether the Government would consider imposing a small charge on timber felled in Government forests to compensate councils for revenue lost when land was purchased and planted to pines?

The Hon. T. M. CASEY: The question of non-payment of rates on Crown land has been raised by various district councils over a period of many years. There appears to be no logical reason, however, why the Woods and Forests Department should be considered differently from any other department in this matter. Whilst it is true that some councils have more forests than others have and land rate revenue is affected, there are compensating factors which should not be over-looked. For instance, plantations when young are generally leased for grazing and rates are levied; when plantations are utilized (15 years and older) industry is attracted, either in logging or

milling, or both. In turn this provides employment and housing, thereby adding to rate revenue; the Highways Department is usually sympathetic to making additional grants for forest roads which also service the local ratepayers; and the department provides an excellent fire-fighting organization which co-operates fully with councils and ratepayers.

Moreover, I am advised that there is provision under sections 299 to 301 of the Local Government Act for councils to receive financial assistance by way of grants-in-aid. The area of not ratable land is taken into account in determining the amount of the grant. In my view, the honourable member's suggestion for the imposition of a small charge on all timber felled in Government forests would be discriminatory against the department and/or the timber industry, and would be difficult to levy equitably as between district councils.

ELECTORAL ACT AMENDMENT BILL

The Hon. Sir NORMAN JUDE (Southern) introduced a Bill for an Act to amend the Electoral Act, 1929-1969. Read a first time.

CAPITAL TAXATION

The Hon. H. K. KEMP (Southern): I move:

That a Select Committee be appointed to inquire into the effect of capital taxation upon the survival of privately owned business, manufacturing and primary industry in South Australia.

I do not intend to cover all the ground that I covered during my Address in Reply speech in which I dealt fully with the difficulty of privately owned primary production units in respect of capital taxation. However, there are aspects of primary production which come into this question as a whole. As taxation is levied today, the private person who puts capital to work and uses land, buildings, machinery or any materials that are owned in his own name is faced with a very heavy imposition which is annual in some cases and is recurrent at various periods according to the nature of the materials.

First, I shall deal with land tax. I know of a property not far north of Adelaide in respect of which the land tax exacted amounts to more than its annual gross income. This unfortunate circumstance arises when an area changes from being broad acres to being a closely subdivided district near the metropolitan area of Adelaide. In the same area annual payments of rates are very heavily loaded on many businesses.

These rates are exacted according to the amount that it is thought the property can be sold for, without any regard for the viability of the business. In this category we have land occupied not only by farmers but by factories and many other types of private business.

The final capital exaction occurs when a person running one of these businesses dies or wishes to pass the ownership to another private person. In this case we see the imposition of probate duties and succession duties, which are very grievous indeed. The position is so bad that in much of the district I represent businesses are being sold in order that capital taxation can be paid, because it is impossible for them to be continued without a realization of the assets on which they are entirely dependent.

In the farming sector a viable unit is a farm worth between $100,000 and $200,000. Of this value 28 per cent to 30 per cent must be paid on the death of the owner.

On a $120,000 property $40,000 must be paid to the Government in the form of taxation. This may not seem to be a constantly recurring expense, but actually it is: the records of farming clubs (which are now fairly widespread in this and other States) show that the management or ownership of a farm changes about once every 15 years, on the average.

This is such an amazingly short period that I was completely incredulous when I first heard of it. However, if one studies the experience of soldier settlers, one will find that this figure is not far from the mark. Even if we take the figure as being impossibly high, it certainly must be admitted that a change in the management or ownership of a farm usually occurs about every 20 years. The 30 per cent exaction every 20 years not on what the farm is earning but on what it can be sold for is a completely impossible level of taxation that none of our primary industries can carry.

This same exaction of capital taxation has been responsible over my own lifetime for a complete change in the structure of manufacturing industry in this State. Most people of my vintage will recall that after the First World War the great majority of manufacturing businesses in South Australia were privately-owned engineering workshops, bakeries, etc. The whole State was serviced not by the big firms but by small firms that were generally family businesses.

One by one these businesses went to the wall over the years when they came up against

the problem of probate duties. The only way of meeting such duties was to realize the assets of the business. It is a matter of killing the goose that lays the golden egg. We have gradually cashed in on the assets that were earning so much money in this State; we have seen them pay heavy taxation to the Government and then they have been taken over completely by the larger publicly-owned companies.

The Hon. R. C. DeGaris: Those family businesses played a wonderful part in the development of this State.

The Hon. H. K. KEMP: Yes. Until about 1940 our development was chiefly due to the small self-employed man who did not go to the Government for a hand-out: he found his own capital and used it wisely. The injustice of the present situation is tremendous: when a man finds his own capital and sets to work with it, he is loaded with taxation that every other part of the community is escaping. Doctors, architects and engineers are on very high incomes, but the capital investment in their businesses is almost negligible, compared with the man who sets up a factory to make things or a farm to grow things.

When a man with a lucrative medical practice dies or wishes to pass it to his son, he can do so without any capital exaction at all. But what happens to the farmer or the owner of a small business or a well conducted garage? Every bit of land and equipment, right down to the screwdrivers, spare screws and gaskets, is valued, and 30 per cent of that valuation is taken and paid into the coffers of the State and Commonwealth Governments. This has completely changed the face of the State.

I know I am a voice crying in the wilderness in making this protest, but I am sure we cannot let it go any further without looking into the disastrous effect it is having on our community. A public company's ownership is tied to its shares and it completely escapes this form of taxation. In the case of succession duties the valuation in respect of a public company is not based on the land, buildings and machinery it has; it is based on the market value of its shares.

This market value is tied entirely to what that business as it stands is earning. If a business is not very efficient, it may have all the assets in the world but, because it is not earning very much, under this form of taxation it escapes with its shareholders paying very little indeed, because its shares are worth little.

The Hon. R. C. DeGaris: You are saying that the primary producers have been forced into this situation.

The Hon. H. K. KEMP: I was hoping to work this up into a long and logical argument, but the assistance I am getting is valuable. I am talking not only about the primary producer but also about any businessman with a fairly large capital investment in his own business. When we were youngsters, the whole of the motor industry was served by efficient garages, practically every one of which was privately owned. I have personal knowledge of two of these businesses having to be sold because the estate could not meet the taxation involved without selling the business.

This has gone on right through our community. It is not only the farmers who are in trouble—although they are in plenty of trouble because the farmer's level of earning is so small that he has no hope of accumulating the reserves necessary to meet taxation of this kind. In the past he has been in a fortunate position because it has been possible for him, in most cases, to make provision for tax, provided he had time to meet capital taxation and have a margin left to live on.

The situation has become acute in my electoral district, where many farms are now on the market because of this heavy capital taxation. I pose one question: what would be the value of practically any of the big businesses in Adelaide if every time they changed their management (I had better not use names, but I have in mind any large retail business in Rundle Street) the Government went to it and said, "We want 30 per cent (or more) of the value of your land, buildings and stock in trade"? There would be a big difference in the share values we would see on the Stock Exchange.

The forms of taxation we have to face include land tax, which does not seem to be a very heavy imposition but which at times can be disastrously heavy. I have mentioned one case in which, thanks to the change in land values, more land tax is being extracted than the gross income of the property as it stands today.

The man who owns this land was actually told he should not be using it for the purpose for which he was using it but he should sell up and get out because the land was too valuable for that purpose. That man has been trying to sell that land for the past five years, but not a bid has been received, because the land values are fixed on the last sale values, and there has been no sale in this area for some

years. In the farming districts, every day as country representatives we have cases of distress coming before us. Some families who have been in possession and occupation of their land and have farmed it well from the first settlement are now having to sell up and get out. We get very restive when we hear this eternal cry from Canberra, "Get big or get out". We find that if people do "get big" it is impossible for them to meet the taxation exacted by the Commonwealth Government.

Council rates for most businesses, which are intensive and not occupying a great amount of land, are not very important as a taxation measure, but in our Adelaide Hills they are. In fact, I know of two cases in which this is the heaviest tax exacted on those farms, but the difficult matter, the one that will completely change the pattern of agriculture as we see it today, is the concatenation of succession duty and gift duty, working together.

A young man taking over a property today is in an impossible position. Let us take as an example a family with a viable farm on which there are three or four children, one of whom will carry on that farm. Normally, this has been possible in the past by going to the bank and asking for a mortgage so that the shares of the other children can be paid off. This means that over a great part of the working life of the farmer in the past he has had a heavy outside obligation to be carried and gradually reduced.

It seems there has been no possibility of doing as the pundits tell us we should in respect of our succession duty and gift duty taxes: regard them as a voluntary tax that we pay only if we wish to. It is only neglect if we pay succession duty or gift duty, we are told.

We cannot do anything in the way of gifting a business when there is a heavy outside obligation covering and fixing the assets. This means that, in any farming business in which there is a succession of deaths within 15 to 30 years, inevitably and unalterably that farm must be sold if it is to be carried on as a farm.

We are now seeing walking into agriculture and taking over in a big way limited liability public companies, which are becoming tremendously powerful in this field. In whole districts they are becoming the major landholders. We should look seriously at the impact of these forms of capital taxation and determine exactly the damage they are doing to our economy as we have known it in the past and as we hope to see it carried on in future.

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

ADVANCES FOR HOMES ACT AMENDMENT BILL

Second reading.

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

That this Bill be now read a second time.

It is introduced consequent on a decision to approve an increase in the maximum amount that may be advanced by the State Bank for housing purposes from $8,000 to $9,000. The operative provision is contained in clause 3, which lifts the maximum advance that may be made by the bank under the principal Act to $9,000. Clauses 2, 4 and 5 merely make certain consequential amendments to the principal Act.

The Hon. C. M. HILL secured the adjournment of the debate.

ADVANCES TO SETTLERS ACT AMENDMENT BILL

Second reading.

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

That this Bill be now read a second time.

It is introduced consequent on a decision to approve an increase in the maximum amount that may be advanced by the State Bank for housing purposes from $8,000 to $9,000. Clause 2 of the Bill amends section 12a of the principal Act, which provides for advances for housing purposes to settlers within the meaning of the principal Act. The maximum advance under that section is, by this amendment, increased from $8,000 to $9,000.

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

ADMINISTRATION AND PROBATE ACT AMENDMENT BILL

Second reading.

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

That this Bill be now read a second time

It makes miscellaneous amendments to the Administration and Probate Act; it removes a restriction on the power of a judge of the Supreme Court to order that administration issue notwithstanding that the prospective administrator has not entered into an administration bond under section 31 of the principal Act; it clarifies the powers of the Public Trustee under section 65 of the principal Act in relation to property held by him under

that section on behalf of beneficiaries who are subject to a legal incapacity or who are not resident within the State; it increases the amounts that may be paid by the Government to the widow of a deceased employee, or by a bank to the widow of a deceased depositor, without production of probate or letters of administration; and, finally, it removes a restriction against the Public Trustee's administering property settled for an exclusively religious use or purpose.

The provisions of the Bill are as follows: clause 1 is formal, and clause 2 makes a formal amendment to the principal Act. Clause 3 amends section 33 of the principal Act. This section at present empowers a judge to order that administration issue without an administration bond being given where the estate is under $1,000 in value. The amendment removes this restriction based on the extent of the estate and permits a judge to make the order in any instance. Clause 4 makes a formal amendment to section 56 of the principal Act. Clause 5 amends section 65 of the principal Act. This section requires an administrator possessed of property on behalf of a person who is not *sui juris,* or not resident within the State, to convey it to the Public Trustee, who is thereafter statutorily obliged to administer that property. There are some doubts as to the Public Trustee's powers in relation to this property. The amendment makes it clear that the Public Trustee may (subject to the terms of a will or instrument of trust) realize or postpone the realization of this property. The amendment also invests the Public Trustee with power to authorize the sale of trust property, not exceeding $4,000 in value, to the administrator.

Clause 6 amends section 71 of the principal Act. This section authorizes the Treasurer to pay to the spouse of a deceased Government employee any sum not exceeding $200 owed to the deceased employee by the Government. This figure is increased by the amendment to $1,200, which is now thought to be a more realistic sum. Clause 7 amends section 72 of the principal Act. This section provides that a bank may pay, without production of probate or letters of administration, to the spouse of a deceased depositor a sum not exceeding $100 standing to the credit of that depositor. This sum is increased by the amendment to $1,200. Clause 8 amends section 88 of the principal Act. This section provides that the Public Trustee may be appointed trustee of any disposition of trust property, except where the trust is exclusively for a religious purpose. This restriction on appointing the Public Trustee to administer property settled for an exclusively religious purpose does not appear justified and is removed by the Bill.

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

STATE GOVERNMENT INSURANCE COMMISSION BILL

Second reading.

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

That this Bill be now read a second time.

Its object is to establish a State Government insurance commission with power to carry on the general business of insurance other than the business of life insurance. The Bill implements an important part of the policy of the Australian Labor Party in this State. The insurance field is one which all other States in Australia have entered with two main objects in view, namely: (*a*) to keep premiums at reasonable levels; and (*b*) to ensure by competition that adequate service is given to the public. "Adequate service" does not merely relate to rates of insurance but also relates to the conditions of policies and the ways in which claims against insurance companies are dealt with and to the ways in which insurance companies alter their liabilities unilaterally.

The Government has received complaints, most of which are concerned with the comprehensive motor vehicle and personal accident and sickness insurance fields. It is generally true that satisfactory service has been given to the public in fire and household insurance. However, in order to set a standard of service in the fields in which complaints are made, it is necessary for an insurance office to cover other profitable avenues of business. In the comprehensive motor vehicle field, it has been common for insurance companies to give notice of alterations in the amount of franchise payable or to impose additional premiums where owners of vehicles have made claims, despite the fact that it cannot be shown that they are accident prone.

It had been brought to the notice of the Government that certain companies had included in their insurance policies a condition in the following terms:

It is hereby expressly agreed and declared that, notwithstanding anything contained in the within policy or in the proposal, the company may at any time notify the insured by writing sent to the address endorsed on the schedule hereto or to the address of the insured last known to the company that the amount of the excess to be borne by the insured has been increased to a specified sum in excess of the

figure shown in the proposal and in the schedule hereto and as and from the date of such notification such increased sum shall be the amount to be borne by the insured in respect of any one claim or series of claims arising out of any one cause or event.

This has worked a decided hardship in many cases on people who have paid for adequate insurance coverage. There have been cases in which insurance companies have unfairly relied on technical errors in the application for insurance to deny liability to the insured. There are cases where insurance companies, which are largely owned by hire-purchase interests, charge premiums on insurance of secondhand cars well above the ruling market rate, and the hire-purchase company recovers interest on the premiums. Hire-purchase companies have refused to write business unless the insurance is with its insurance company, despite the provisions of the Hire-Purchase Agreements Act. The difficulty of a proposed hirer in ascertaining his remedies under the Hire-Purchase Agreements Act is that he generally is not aware of the other companies offering insurance at lower rates, but it would be simple for him to become aware of the proposals of a Government insurance office and he would be able to get a better deal from the Government insurance office than from those insurance companies associated with hire-purchase interests, though not necessarily from all insurance companies.

In the personal sickness and accident field certain policies have been carefully drawn to exclude many classes of sickness which the average person taking out a policy would feel were covered. As was stated in this House when a similar Bill was before Parliament in 1966, a policy of one company provided on the face of it accident and sickness benefits amounting to several dollars a week, payable for not more than 26 consecutive weeks in the event of the assured's suffering temporary total disablement by accident or temporary total disablement by sickness, and an assurance benefit of several hundreds of dollars in the event of death or permanent total disablement.

Permanent total disablement, according to conditions on the back of the policy in small print, included "permanent total disablement by sickness" but later (in even smaller print) this was confined to the loss of the sight of both eyes caused solely and directly by diseases (other than venereal disease) contracted after the date of the policy and certified by a medical practitioner nominated by the company as being complete and incurable, or the complete and permanent inability of the assured to follow any trade, occupation or calling, as a result of paralysis caused solely and directly by disease (other than venereal disease or paralysis of the insane) contracted after the date of the policy and which is certified by a medical practitioner nominated by the company as being permanent and complete in at least two limbs. In consequence, a serious back injury permanently and totally incapacitating the assured, but not producing paralysis in two limbs, does not qualify.

This is the sort of careful exception which has been written into policies and designed to obtain premiums from assured persons in the belief that they are adequately covered, when in fact they are not. There is no reason why policies should not be designed effectively to assure to the assured person what he thinks he is paying for without careful exceptions, as to which many other examples could be given, designed to evade liability for sickness or accident. The insurance offices in the other States have been able to give good service to the public, to give a general service of insurance by competition and to be of assistance to Government revenues in a modest way. The gradual build-up of business in a Government insurance office can be undertaken in the same way as with other insurance companies entering the field in South Australia, so that the establishment will not present the Government with financial or administrative problems.

There are two grounds on which the establishment of a Government insurance office in this State has been objected to. The first ground is that competition from the Government insurance office would not be effective and that it is unnecessary in view of the highly competitive nature of the field. If any organization has anything whatever to fear from competition by a Government insurance office since the field is so competitive, it is difficult to understand why it should be so alarmed at the thought of the establishment of a Government insurance office. The second objection is that, because of the State Government finding itself in a situation of financial stringency, the provision of money for a Government insurance office would be an unwise burden upon the finances of the State. This particular allegation is ill founded. The Government will not be faced with any considerable outlay in the establishment of an insurance office.

It has been stated by way of objection to this type of legislation that 99 per cent of insurance claims are settled amicably without court action, but this does not mean that

amicable settlements are always reached, but rather that in most cases insurance companies rely unduly and place undue weight on an arbitration clause which invokes an extremely cumbersome, expensive, and difficult procedure. It can be subjected to interminable delays, and the members of the legal profession experienced in arbitration estimate that an arbitration is likely to cost the successful applicant at least $300 in irrecoverable costs. Undue reliance on the special arbitration clause in insurance company policies in South Australia, while ostensibly designed to provide a simple method of settling disputes on claims, does the exact opposite and is a means of inducing claimants upon insurance companies to accept the attitude of the insurance company, hostile to their interests, because they have no effective means of enforcing their claims. Particularly is this so with small claims. A specific example of a case of this kind was mentioned in this House when a similar Bill was before Parliament in 1966. A further benefit which other States have derived from a Government insurance office is that funds are made available for investment in semi-governmental loans which are important to the development of the State. As the work of the State Planning Authority expands, loan moneys of this kind will be increasingly required here.

I shall now explain the clauses of the Bill. Clause 1 is formal and provides for its commencement on a day to be fixed by proclamation. Clause 2 contains the definitions necessary for construing the Bill. Clauses 3 and 4 establish a State Government insurance commission to consist of five members to be appointed by the Governor. Clauses 5 to 10 are machinery provisions. Clause 11 provides for payment of fees and remuneration as fixed from time to time. Clause 12 sets out the powers and functions of the commission which are to carry on the general business of insurance in the State including third party insurance but not including the business of life insurance.

Clause 13 is a machinery provision. Clause 14 provides that the commission is to hold its property for and on behalf of the Crown. Clause 15 provides that policies issued by the commission are guaranteed by the Government of the State, any amounts payable by the State being repayable by the commission to the Government as and when funds for the purpose are available. Clause 16 of the Bill enables the commission to invest its funds broadly in trustee investments or Treasury securities. Clause 17 requires the commission to pay the equivalent of income tax payments to the Treasurer and makes the commission subject to the normal provisions of the Stamp Duties and Fire Brigades Acts. Clause 18 requires the commission to carry to a reserve fund such portion of any profits which it may show in any year as is determined by the Chairman, the Under Treasurer and the Auditor-General and to pay to Consolidated Revenue any balance as directed by the Governor.

Clause 19 provides for the keeping of accounts and the auditing of the accounts of the commission by the Auditor-General. The annual report of the Auditor-General is to be laid before each House of Parliament annually. Clause 20 deals with the manner in which the funds of the commission are to be kept, and clause 21 confers a regulation-making power. The whole of the Bill is really of an enabling and machinery nature, the primary provisions being those which deal with the establishment of the commission and its powers and functions. I commend the Bill to honourable members.

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

EUDUNDA AND MORGAN RAILWAY (DISCONTINUANCE) BILL

Adjourned debate on second reading.

(Continued from August 11. Page 585.)

The Hon. G. J. GILFILLAN (Northern): I rise to support this Bill with rather mixed feelings, because I believe it is somewhat sad that we should be disposing of a railway line that has played such an important part in the history of this State. In the old days the steamers on the Murray River made Morgan a very important part of our transport system, for the railway line from there carried the goods to Adelaide. However, times have changed considerably, and there is no doubt that financially the continuance of this railway line cannot be justified.

I believe that the Railways Department deserves some criticism for the way in which the closing has taken place. In the Morgan area and in the small towns along the road to Adelaide such as Mount Mary and Bower, we have an industry which supplies a good deal of the firewood needs of the metropolitan area. This industry, which is the main one of the district, has used the railways almost exclusively because of a favourable freight rate.

The closing of the railway line will mean a loss to this industry and an increase in the price of its product in Adelaide.

This price increase will affect people such as pensioners, who can least afford it. The estimated difference in cost is about $1.50 a ton. The rail freight was $2.12 a ton, whilst the estimated cost of road-rail freight to Adelaide is between $3.48 and $3.68. About 4,000 tons of firewood is carried annually. The Public Works Committee took much evidence before recommending the closing of the line. The committee realized that continued operation of the line was most uneconomic, because it involved a loss of about $48,000 a year. Capital expenditure of about $611,000 would soon have been required to up-grade the line. Taking all these points into consideration, the committee's final recommendation was as follows:

The committee adopts the recommendation of the Transport Control Board that the Eudunda-Morgan railway line be closed but subject to the provision by the South Australian Railways of an alternative means of freighting firewood from the existing communities between Eudunda and Morgan at standard firewood rates because of the opinions set out in paragraph 3 of this report.

However, when the report was sent to the Transport Control Board a legal opinion was obtained from the Crown Law Office that the committee's terms of reference did not allow it to insert a proviso in its report: it had to be "Yes" or "No", without any condition attached. The Transport Control Board in its final report recommended:

(*a*) That the Eudunda-Morgan railway line be closed.

(*b*) All assistance possible be given to aid the retention of the firewood industry in the Morgan and Mount Mary areas.

To the best of my knowledge the only assistance given has been the provision of a ramp at Eudunda for trucks carting firewood so that they can deposit their loads directly into railway trucks. Under the old scheme the firewood sawmills operated adjacent to the railway line with an elevator delivering the firewood directly into the railway trucks. Although the freight rate was low, the railways in fact only hauled the goods: they did not have to load or unload, whereas now extra handling occurs.

From my latest inquiries in the district, I believe that the firewood industry is rapidly diminishing. I believe the Public Works Committee's proposal that the South Australian Railways should provide an alternative co-ordinated service at about the same cost as the old system was just, because this industry was established in good faith: families have made their livelihood from the industry. Consequently, there is a moral obligation on the part of the authorities to provide a reasonable alternative. If the South Australian Railways had offered to subsidize this industry to keep the freight rates at the same level, it would have cost about $6,000 a year. At the same time this would have meant a net saving to the department of $42,000 a year, plus a saving in capital expenditure of $611,000.

I believe that the Act dealing with the closing of railway lines will have to be altered. The Public Works Committee has only 28 days in which to consider the closing of a line. Evidence may be taken from areas distant from Adelaide; the shorthand notes then have to be transcribed into typewritten script and sent to the witnesses for their approval. Consequently, the period allowed is very short indeed. A similar situation occurred in regard to the Victor Harbour railway line. Because of the short time allowed and because of the Crown Law opinion, the committee may in future play on the safe side: if it is not able to insert a proviso in its recommendation when it is in doubt, it may be inclined to play it carefully and say "No" so further investigation can take place.

Will the Minister in charge of this Bill state what will happen to the land on which the railway line is constructed? Although the assets will be disposed of, I believe it is wise to retain ownership of the land. Can the Minister say whether the Railways Department will retain responsibility for eradicating weeds on the land and whether upkeep of fences will still be a charge against the department? I support the Bill.

The Hon. M. B. DAWKINS secured the adjournment of the debate.

MOTOR VEHICLES ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from August 11. Page 586.)

The Hon. C. M. HILL (Central No. 2): Yesterday, when the Minister of Lands introduced this Bill, he began by quoting from St. Matthew's Gospel. I thought that this might have heralded a new enlightened approach to politics by the Government. Honourable members will recall that reference was made to "one flesh". That reference comes from chapter 19, verse 6 of that gospel. However,

a more appropriate text, ironically, comes from the same gospel, in chapter 7, verse 7. It says:

Ask and it shall be given you.

It appears that this Bill was initiated as a result of one Adelaide solicitor having one particular case concerning an accident that happened in 1967. It had the specifically unusual circumstance of people from other States being involved. As a result of representations, we have this Act opened up and this Bill before us.

That in itself is the principle of one individual being aggrieved and making his position known. I do not criticize that principle and the Government's response of bringing down this legislation, but what I do particularly criticize is that, when this Act is opened up, as it has been, and many amendments are urgently needed to it, which have within the past 12 months been fully debated in this Chamber and gone to the other place, the fact that they are not reintroduced shows scant regard for the department involved—its Registrar and, in fact, all its officers—because, as we all know, comprehensive amendments to Bills originate from and through the department involved.

I am extremely disappointed that this host of amendments, which is urgently needed to this Act, has apparently been merely brushed aside and not considered by the Government, when it had the opportunity, when opening up the Act for this one particular amendment (initiated, I understand, by one individual) to have these amendments included. Honourable members will recall the Bill that included provisions for the proposed points demerit scheme. In that Bill there were, as I have said, a whole host of urgently needed amendments to the Motor Vehicles Act, which were completely unrelated to the points demerit scheme. I submit these should have been introduced now in this Bill.

The Bill involves a principle to which, although I query it in some ways, I do not strongly object. There is the specific case, as the Minister outlined yesterday, of people from other States who drive motor cars in this State. It has been found that, where a spouse has been injured as a result of her husband's negligence, an action has not been able to be sustained against the insurer in the case of these people when the insurer is outside the scope of the Act; in other words, the insurer is an insurance company in another State.

This position should be put right. There are some matters, however, that one cannot help but question. I discussed one matter with the Fire and Accident Underwriters Association of South Australia, which suggested to me (and I agree with its suggestion) that an amendment should be made to clause 2 to include the adjective "bodily" before the noun "injury".

The Hon. D. H. L. Banfield: What difference would that make?

The Hon. C. M. HILL: It makes this difference, that the insurance companies and the people involved are concerned only with bodily injury, compared with other forms of injury. I understand this submission has been made to the Government, and I hope the Government will accept it.

The Hon. D. H. L. Banfield: Does that include a mental injury?

The Hon. C. M. HILL: It may.

The Hon. D. H. L. Banfield: Then why exclude that?

The Hon. T. M. Casey: That is a good question.

The Hon. C. M. HILL: More specifically, the third party legislation and action under it deals with bodily injury and I understand, as I was saying, that the Government itself may be introducing this amendment. If that is the case, the Hon. Mr. Banfield will have the pleasure of arguing his point with the Leader of the Government in this Chamber in the Committee stage. That is one point I raise now.

Another point to which I draw the attention of honourable members is that there is a change in principle by the deletion of section 118 and the introduction of an entirely new section 118, the effect of which is that, whereas under the old Act the action was a direct action against the insurer, under the new Act the action is an entitlement to recover from the person involved, from the actual driver. In fact, it seems there is little difference between the two alternatives, because in this State, whilst the recovery is from the driver involved, the insurer or insurance company indemnifies the driver, so the same result flows.

Another point to which I refer is that there is a question of retrospectivity involved in the Bill. It means that an accident within the past three years (which, I understand, is the normal three-year limitation for actions in tort of this nature) will qualify. Although the principle of retrospectivity is to be regarded cautiously, my view is that there are occasions when one must take a commonsense view of this principle, and there are some occasions when retrospectivity can and should be introduced.

I return, however, to my main complaint about this legislation. I will mention briefly some of the problems surrounding the Motor Vehicles Act and the amendments to it that, in my view, should be in this Bill. The former amending Bill, which included the points demerit proposals, was introduced into this Chamber on September 25 of last year. It was debated during the balance of that month and all through October before it passed from this Chamber, on its third reading, on November 18.

They were the first amendments introduced since 1967. The Act is questioned considerably by motorists, the public, the courts and others concerned with it because, of course, the Motor Vehicles Department serves many people. The number of motor vehicles registered at the beginning of this year was about 551,000 in this State, and it is proper that the position should be kept up to date.

Amendments concern the exemption of farm implements from registration. This was a matter of great moment throughout the country areas and for the two years that I was Minister I continually received letters, objections and complaints about the problems of bulk grain field bins and bale and grain elevators, which were exempted from registration. As I have said, the legislation was approved here last year but it lapsed in the other place. I submit it should have been reintroduced in this Bill.

There was also an exemption for civil defence vehicles from registration and for vehicles concerned with the eradication of weeds, a matter of great interest, no doubt, to the Minister of Agriculture. There were also exemptions for motor vehicles involved with the Lyrup Village Association, and there were vital amendments concerning invalid pensioners who were unable to use public transport having the right to reduced registration and licence fees.

There was a host of sundry drafting amendments: the power to register, amend or vary the registration number of a vehicle because the Registrar of Motor Vehicles thought that some Victorian truck registration numbers were very similar to certain South Australian registration numbers; the Registrar's right to assess the horsepower of internal combustion engines, other than piston engines, because of the introduction of the Wankel engine into South Australia; legislation concerning the transfer of hire-purchase agreements; matters concerning limited traders plates; the suspension of learner permits; and the Registrar's power to refuse to issue or renew learner permits.

All these are vital subjects in the field of road safety. The Registrar was to have the power to refuse the granting of a licence to an applicant who had been disqualified from holding a licence in another State; also the removal of some obsolete provisions from the Act; admission of evidence in proceedings between insurer and insured; and court proceedings to be streamlined in relatively minor cases.

These headings explain briefly the badly needed amendments to the Act. I criticize the Minister and the Government for not introducing these amendments when they had the opportunity to do so; but instead, they opened up the Act to serve one complaint regarding interstate people who become involved in accidents here; that is why we have this Bill before us. My hope is that the Government will, in due course, have another look into this matter in the interests of the department's efficiency, of assisting the Registrar (with whom I have not been in touch in regard to this matter), and of the public of South Australia. I hope that these matters will be investigated very carefully at the earliest opportunity.

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

ADJOURNMENT

At 3.38 p.m. the Council adjourned until Thursday, August 13, at 2.15 p.m.