

LEGISLATIVE COUNCIL

Tuesday, March 19, 1974

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

PETITIONS: SODOMY

The Hon. R. C. DeGARIS presented two petitions in identical terms signed by 35 persons objecting to the introduction of legislation to legalize sodomy between consenting adults until Parliament has a clear mandate from the people to do so by way of referendum to be held at the next periodic South Australian election.

Petitions received and read.

QUESTIONS

INDUSTRIAL PEACE

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

Leave granted.

The Hon. R. C. DeGARIS: Recently the Premier stated that, with regard to industrial peace, this Government's record was probably the best record of any South Australian Government. The Premier also seems concerned with spending taxpayers' money to improve his Government's image among the people of the State. Irrespective of the Government's image, will the Chief Secretary bring to the Premier's attention the serious increase in the loss of working days in South Australia during the past year? I quote the following statistics: in 1957, 3 700 working days were lost; in 1970, 93 000; in 1971, 111 000; in 1972, 60 000; and in 1973, 130 600. Will the Chief Secretary bring these figures to the Premier's notice so that he can make slightly more accurate statements in the future?

The Hon. A. F. KNEEBONE: I will take the information that the Leader has produced to the Premier. I do not think he is asking for a reply.

ABATTOIRS

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

Leave granted.

The Hon. C. R. STORY: An article, headed "Study finds abattoirs faces loss", in this morning's *Advertiser* by that paper's education writer, Chris Milne, states:

The Gepps Cross abattoirs will lose about \$5 000 000 in the next 10 years from its expanded sheep slaughtering facilities, according to a university study.

As I understood it, two members of the Adelaide University economics department, one a student and one a lecturer (Messrs. J. L. Byrne and R. K. Lindner), conducted the study, and it appears from the article that they went into the matter in great detail. The article refers to \$4 800 000 worth of expansion, which the abattoirs board has authorized. The indebtedness of the abattoirs to the State Government is at present in excess of \$2 450 000, which has been made available to the abattoirs: In view of the Government's investment in this organization and in view of the need to supply an efficient, economic service to the stockowners and the people of South Australia, will the Minister have this study thoroughly analysed and, if it is proved that a loss will be incurred approximating even one-quarter of the amount stated in the article, will the Minister have a careful examination made of the expansion that is planned for the next five years?

The Hon. R. A. Geddes: Could the report be tabled?

The Hon. C. R. STORY: I hope the Minister will consider making available any information that he has.

The Hon. T. M. CASEY: As I anticipated a question of this nature today, I naturally had a good look at the article. Whilst I appreciate the interjection of the Hon. Mr. Geddes, I do not have any information at all relating to the matter. I understand that the study was a thesis written some time ago by a student whilst studying for an honours degree in economics at the Adelaide University. Of course, I have not written a thesis, and I do not think many honourable members have, either. I do not know exactly what form it takes. From a theoretical viewpoint, I do not doubt that the thesis is probably correct but, when one attempts to put theory into practice, particularly in connection with primary industries, one is in trouble—

The Hon. R. C. DeGaris: And so is the Government.

The Hon. T. M. CASEY: That interjection has no bearing on what I am talking about. It is all right to theorize about these things. Honourable members who are primary producers know full well that, when one comes to put theory into practice, one can get different results. In the article no consideration was given to seasonal conditions. If we look through the article we see that sheep numbers were down, and no specific reason was given. Honourable members would know that a fall in sheep numbers could be due to one of two reasons: one is the changeover in most of our high rainfall areas to cattle and the other is that we have had dry seasons in the marginal and pastoral areas, and this factor naturally reduces stock numbers. Seasonal conditions greatly influence stock numbers. With excellent seasons over the past year and in the next year, we will see an increase in sheep numbers in marginal and pastoral areas.

On the question of the new complex at Gepps Cross and the construction of two new mutton chains and a beef chain, I must point out that the chains in question are straight chains such as are being constructed now in all modern abattoirs throughout the world, giving greater efficiency, with tremendous savings in manpower, and therefore cheaper operation. Honourable members have only to think back to the time a couple of years ago when questions were raised in this Council by them, asking me why the facilities at Gepps Cross were not being upgraded to cater for the increased lamb influx at a time when the Gepps Cross abattoir was working seven days a week for six months of the year. The abattoir at Gepps Cross is a service abattoir and a public utility. The Government has an obligation to the primary producers in this State and also to the consuming public to see that as much stock as possible is put through that abattoir when the occasion arises.

The thesis referred to the pig hall, suggesting that it should be upgraded so that more pigs could be processed. That was done quite some time ago. Reference was made to a calf chain; such a chain is in operation already at Gepps Cross, relieving the strain on the existing beef chain and thereby increasing the throughput of beef. With the overall increase in beef numbers throughout the State it is essential that another beef chain should be constructed at Gepps Cross, and that is happening. It is all very well to write a thesis on an operation such as the Gepps Cross abattoir but, as I indicated earlier, and as I emphasize now, primary producer members in this Chamber will agree that putting theory into practice in primary industry can produce entirely different results.

The Hon. M. B. DAWKINS: I seek leave to make a short statement prior to asking a question of the Minister of Agriculture.

Leave granted.

The Hon. M. B. DAWKINS: I would accept the Minister's statement that the study has been made by university people and that it is the subject of a thesis, but I imagine that any person writing a thesis must carry out an investigation of the subject in very considerable depth. The article states:

The economists say the Gepps Cross expansion which is already under way is based on a false premise that the high level of slaughtering in the past three years will continue.

These people have indicated that, in their opinion, this is a false premise. I should like the Minister to make a thorough study of the position. Can he explain why the South Australian Meat Corporation (if in fact it is found that this opinion is correct), which succeeded the Metropolitan and Export Abattoirs Board, could have made such an error in judgment as the article suggests? The South Australian Meat Corporation has been given an opportunity by the Government to make some extensions. It succeeded a most experienced group in the previous abattoirs board. It would be a matter of great concern if in fact the corporation had made an error of this magnitude. Whilst I accept that the Minister has indicated that this is a theoretical thesis, there is no doubt it has been investigated in great detail. Will the Minister make it his business to make sure of the exact position of the Gepps Cross abattoir?

The Hon. T. M. CASEY: I will refer the honourable member's question to the Samcor board, ask it to examine closely the points he has raised, and bring down a reply.

The Hon. R. A. GEDDES: I seek leave to make a short statement before asking a question of the Minister of Agriculture.

Leave granted.

The Hon. R. A. GEDDES: The housewife, the exporter and the primary producer are all concerned about the increasing costs of slaughtering at the abattoir. In spite of being a thesis, the study could highlight a problem that those in authority should study carefully. The thesis highlights the need for additional private enterprise abattoirs in the State. Will the Minister reconsider the question of allowing private enterprise to establish in this State abattoirs for export and home consumption?

The Hon. T. M. CASEY: As I have said previously, there is nothing to stop private enterprise from establishing abattoirs in this State. I have no power to restrict private enterprise in any way. This was made plain in connection with the establishment of an abattoir at Naracoorte. If an organization wants to establish an export abattoir, I cannot stop it. Whilst it has been bandied about that Samcor's costs are higher than those of abattoirs in other States—

The Hon. R. A. Geddes: They are amongst the highest.

The Hon. T. M. CASEY: Yes, but they are not necessarily the highest, and it is difficult to ascertain from private enterprise what its costs are, because it will not divulge them. At Gepps Cross many perks are, and always have been, built into the costs which people do not consider when they evaluate the charges that the Gepps Cross abattoir places on the stock going through.

The Hon. R. C. DeGaris: What are they?

The Hon. T. M. CASEY: They have been stated many times. One relates to transportation, but other costs are built into the charging system. I can get information for the honourable member along these lines if he wishes.

DENTAL HOSPITAL

The Hon. M. B. CAMERON: I seek leave to make a short statement prior to asking a question of the Minister of Health.

Leave granted.

The Hon. M. B. CAMERON: My question relates to the Royal Adelaide Hospital dental division and the services extended to pensioners in that place. I understand that, as well as the normal treatment of patients by the university, some pensioners are treated as a part of their Commonwealth pension medical rights. Does the Australian Government support the State Government in supplying dental services to pensioners? If not, has the State Government approached the Australian Government to seek some reimbursement for that treatment and, if not, will the State Government approach the Australian Government to obtain assistance in this matter?

The Hon. D. H. L. BANFIELD: The position is that the Australian Government does not assist in paying for treatment at the dental hospital. In regard to whether an approach has been made to the Australian Government, a submission has been made to that Government (which, as we all know, is sympathetic to the health problems of pensioners) and we understand it is looking into the matter.

The Hon. M. B. CAMERON: Can the Minister of Health say how many pensioner patients have been treated at the dental division of the Royal Adelaide Hospital and what has been the cost to the State of providing that service?

The Hon. D. H. L. BANFIELD: I thought that the honourable member, who was with me for about 1½ hours this morning, would have all the replies to his questions. However, I will obtain a reply to the question he has just asked.

The Hon. M. B. CAMERON: Has the Minister of Health a reply to my recent question about the dental hospital?

The Hon. D. H. L. BANFIELD: I have a reply to one of the many questions that the honourable member has been asking for a considerable time. The "university waiting list" referred to could more accurately be described as the "university treatment list". Currently, 646 persons are on these lists, and all of them either have been assigned to dental students for treatment or have had their treatment completed and are waiting recall for follow-up checking. In most cases these patients are transferred from the main waiting list to the university treatment lists. There are 895 patients on the orthodontic waiting list. A large number of these patients could also appear on the other waiting lists as they may require restorative treatment as well as orthodontic treatment.

UNDERGROUND WATERS

The Hon. R. A. GEDDES: I understand the Chief Secretary has a reply to a question I asked recently about the possibility of measuring the flow of waters of the great floods in the centre of Australia into the aquifers of the Great Artesian Basin.

The Hon. A. F. KNEEBONE: The Minister of Development and Mines has provided me with the following reply:

Nearly all recharge to the Great Artesian Basin takes place along its eastern margin—in New South Wales and Queensland. Insignificant recharge occurs near the Flinders, Peake and Denison Ranges. Thus heavy rains in Central South Australia have no real effect on the artesian basin. Even when heavy rains occur in the recharge area, any effects will take over 10 000 years to influence flows in South Australia. Rains falling in South

Australia eventually flow as surface waters to Lake Eyre, whence they evaporate. Some shallow ground water recharge may occur; however, it picks up salt from the saline soils and sediments through which it passes on its way to the water table. The only way to utilize the enormous volumes of water flowing to the lake would be to pump it underground in a suitable storage or pipe it southward. Any such scheme would be uneconomic at the present time.

FLOODING

The Hon. A. M. WHYTE: I understand the Chief Secretary has a reply to a question I asked recently about flooding in the North of the State?

The Hon. A. F. KNEEBONE: The Pastoral Board has examined the possibility of engaging a suitably equipped aircraft to take feed to cattle stranded on islands formed by floodwaters in northern areas and has provided me with a report. As may be expected, the board was aware that numbers of cattle were marooned on small islands within the flooded areas of the Cooper-Strzelecki and Diamantina-Warburton drainage systems of the Lake Eyre Basin in the far north-east interior of the State. On the Cooper flood plain the incidence and extent of the sand dune islands are considered to be sufficient to provide sustenance forage for stranded cattle as local rainfall has prompted rapid germination and growth of ephemeral herbage and grasses. This growth will permit survival of imprisoned stock during the period of peak and near-peak flood levels. In fact, lessees on the Cooper frontage have not expressed concern at the possibility of high stock losses. The Diamantina-Warburton system, which is much shorter than the Cooper, does not maintain flood levels for the prolonged periods that characterize Cooper floods. Hence the board considers that, as water levels in the Diamantina and Warburton recede, the areas of island sheltering cattle will rapidly expand and provide relief or escape for these cattle. Nevertheless, discussions were held on March 6 with the Commanding Officer of the Royal Australian Air Force helicopter base, Penrith, N.S.W. regarding the possibility of feeding marooned cattle by hay drop. These discussions revealed that, in addition to the doubtful economics of such an operation over a prolonged period, the operational and logistic problems of dust prevalence, and the strict maintenance and service requirements of rotary-winged aircraft made the proposition quite impossible. In order to assess any change in the situation, and also to maintain close contact with local lessees, I instructed the Pastoral Board to charter a light aircraft and fly to Kalamurina and Cowarie Runs on March 8. Two members of the board made the flight and interviewed the lessees. I was happy to be able to invite the honourable member to accompany the party. Previous reports indicated that on Kalamurina Run about 240 head of cattle were marooned during the Warburton flood peak between February 22 and February 24, 1974. A local flight made by the lessee and the board's Chairman on March 8 revealed that only 45 of these cattle remained marooned, the balance having either escaped from their imprisoned situation or reached island areas that had been considerably expanded by a four-foot drop in the water level from its peak on February 22.

Unfortunately, endurance limitations prevented an extensive survey of the Cowarie lease, but it is considered that a similar situation to that at Kalamurina will later be revealed and that stock losses will eventually prove to be considerably less than originally assessed by lessees. Reports received from the lessees of Pandie and Alton Downs Runs on the Diamantina and Georgina frontages adjacent to the Queensland border indicate that high stock losses are not expected in this area. On Clifton Hills

Run, which embraces almost the entire flood plain of Goyder's Lagoon at the confluence of the Diamantina and Georgina, many cattle were observed on high ground outside the limit of floodwater spread during an aerial reconnaissance by the board on February 21. Finally, the board points out that all cattle in the flooded area were in strong to fat condition and not drought stricken prior to the onset of flooding. Thus they are well equipped to withstand some period of privation while floodwaters recede.

BREAD PRICE

The Hon. C. M. HILL: Has the Chief Secretary a reply to the question I asked recently about the rise in the price of bread that had been announced earlier this year and the subsequent announcement by the Premier that an inquiry was to be instituted into this bread price rise? Further, I referred to an additional rise in the price of bread announced a few weeks ago.

The Hon. A. F. KNEEBONE: The committee appointed by the Government is about to commence its inquiries and, as it is intended that a thorough investigation be undertaken, it is unlikely that the committee's report will be available for some time.

TRAFFIC HAZARD

The Hon. M. B. DAWKINS: Has the Minister of Health, representing the Minister of Transport, a reply to the question I asked some time ago about the traffic hazard sometimes caused by grain trucks turning right out of Grand Junction Road into Eastern Parade on the way to the silos?

The Hon. D. H. L. BANFIELD: As a result of the high accident rate at the intersection of Eastern Parade and Rosewater Terrace, Ottoway, stop signs were placed on the Eastern Parade approaches to that intersection. Investigations revealed that most of the accidents that occurred were caused by Eastern Parade traffic failing to give right of way to vehicles on Rosewater Terrace. This treatment is an interim measure only and steps are being taken with the local council to have one arm of Rosewater Terrace (preferably the eastern arm) closed before November when grain carting commences. Once the physical closure of one arm of Rosewater Terrace has been carried out the stop signs on Eastern Parade will be removed.

FAR NORTH ROADS

The Hon. A. M. WHYTE: Has the Minister of Health a reply from the Minister of Transport to my recent question about Far North roads?

The Hon. D. H. L. BANFIELD: My colleague advises that the resources of the Highways Department in the Far North are fully occupied on urgent maintenance and repairs to roads damaged by heavy rains and flooding. It is therefore not possible to make a special effort as far as the roads leading to William Creek are concerned. The department is making every effort to get roads open and to keep them open, and access to William Creek is included in this work. It is expected that grading between Marree and William Creek will commence this week.

GRAPEGROWING INDUSTRY

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

Leave granted.

The Hon. C. R. STORY: My question concerns the wine-grape and wine industry situation as it applies to the 1974 season. The estimate is that the vintage will be

about 60 000 tonnes this year, which is a considerable decrease in the quantity of grapes produced in the State and which is about 60 per cent down on previous vintages. There is a grave danger inherent in this situation that a gap will occur thus enabling cheap and not good imported wines to come into Australia and encourage further imports of cheap North African and Mediterranean brandy. It may be suggested that this is a Commonwealth Government matter, but will the Minister take up with his Government, on behalf of the wine industry generally, the desirability of making an approach to the Commonwealth Government in an attempt to right this situation by the following three means: by placing an import duty on imported wines; by instituting a standard that these wines and brandies must meet to be comparable with our own; and generally submit on behalf of the wine industry in the strongest terms possible that the Commonwealth Government protect this very important industry?

The Hon. T. M. CASEY: I can assure the honourable member that the Government is very conscious of the role the wine industry plays in this State's economy and that it is keeping a close watch on the situation. Anything the Government can do to alleviate the situation will be forthcoming. The honourable member's question will be investigated in depth and taken into consideration.

MONARTO

The Hon. J. C. BURDETT: I seek leave to make an explanation prior to asking a question of the Chief Secretary, representing the Minister of Development and Mines.

Leave granted.

The Hon. J. C. BURDETT: My question relates to the acquisition of land in the proposed new city of Monarto, and particularly to lease-backs. I understand from some of the landowners in the area that statements have been made by Government officers that stock will be required to be removed from the area by March, 1975, and that cropping must cease from that date. I understand that some of the land at Monarto will be required by the Government or others and that there may not be a uniform policy (quite properly so) covering the whole area. Honourable members will appreciate that it is vital that landowners have some idea of how long their lease-backs will last. It will greatly alleviate the financial hardship they will suffer in any event if they know or have some idea of how long their lease-backs are likely to run so that they may plan their future operations in the area by knowing how long they will be able to stay and how long it will be before they have to move. I appreciate the difficulties in laying down an overall policy, but it seems to me that some kind of statement in this area could be expected. Can the Minister make a general statement of policy in as much detail as possible as soon as practicable?

The Hon. A. F. KNEEBONE: The honourable member asked a similar question last week, as did the Hon. Mr. Cameron. I have a reply to the Hon. Mr. Cameron's question, and it could well answer some of the Hon. Mr. Burdett's questions. If it does not fully answer the Hon. Mr. Burdett's questions, I shall be happy to obtain additional information to fill in the blanks.

The Hon. M. B. CAMERON: Has the Chief Secretary a reply to my recent question about Monarto lease-backs?

The Hon. A. F. KNEEBONE: The question asked by the honourable member is based on the article that appeared in the *Sunday Mail*, which was in turn based on information that was in part either inaccurate or out of date. For example, the article named people who were dissatisfied

with the system relating to land prices, whereas one of the people mentioned had sold his land to the Government and is reputed to have said that he was quite happy with the settlement figure. The main criticism made by the honourable member appears to relate to the lease-back situation, and it is based on a wrong assessment of comments that have been made in the past. Compensation paid to the people in the area is based on the Act passed by this Parliament, and the people in the area were told at a public meeting on December 21, 1972, that compensation would be paid for the market value of their properties, plus disturbance and not reinstatement. This is the policy that is still being carried on by the Government as it is laid down by the Act. I should add, however, that, in addition to the prices paid an acre for land and improvements, substantial sums have also been made to allow for disturbance.

The honourable member also raised the point that the farmers were told that they would be able to stay on their land for several years under the lease-back system. While this may be true in some sections of the Monarto site, in view of the Government's intention to begin development of park areas and also to have the building phase commenced as early as 1976-77, it must be obvious that lease-back arrangements on a long-term basis will have to be limited. The conditions relating to lease-back are:

1. It must be asked for by the owners, that is, the obligation is on them to approach the Government.
2. Lease-backs will be given only to original owners of land on the Monarto site and to people outside the area.
3. For the reasons given above regarding the development of the park sites and early building, at present lease-backs can be made only for the next cropping season or in some cases for two seasons.
4. Long-term leases cannot be given until the consultant's plans are available.
5. As soon as the Government knows which areas will not be required for the parks and early urban development, those that will not be required will possibly be available for long-term lease-back.

The final matter raised by the honourable member refers to the appointment of the committee to determine attributable prices. The committee was established under the terms of the Act and comprises the Valuer-General as Chairman, a nominee of the Minister, and a nominee of the Commonwealth Institute of Valuers Incorporated (South Australian Division). The honourable member will see that, of the two members of the committee under the Chairman, the Minister has made his nomination, which is Mr. A. Richardson, but he had no influence in the nomination of the Institute of Valuers. Mr. L. H. Laffer was nominated by the institute to serve on the committee. The honourable member will, therefore, appreciate that the committee has been appointed under the terms of the Act as passed by this Parliament and that there is an independent member of the committee nominated by the Institute of Valuers.

FISHING

The Hon. C. R. STORY: Can the Minister of Agriculture say when I am likely to receive a reply from the Minister of Fisheries to a question about fishing matters that I asked recently?

The Hon. T. M. CASEY: I will take up that matter with my colleague.

NON-WETTING SANDS

The Hon. C. R. STORY: Has the Minister of Agriculture a reply to my question of March 12 about non-wetting sands?

The Hon. T. M. CASEY: I am sure the honourable member is aware that non-wetting or water repellent sands have been studied for a considerable time by officers of the Division of Soils of the Commonwealth Scientific and Industrial Research Organization. The Director of Agriculture has recently informed me that, although these studies have largely resolved the question of the nature and causes of water repellence, they have provided very little lead towards a practical solution of the problem in the field. It is also difficult to evaluate quantitatively the actual losses caused by this phenomenon. It is known that large areas are affected to varying degrees, but there is no straightforward way of measuring the effect on production. The severity of the problem varies greatly from season to season. By field experiments and observation, it has been found that certain cultivation methods are helpful in some conditions, and these have been discussed at bureaux, etc. The Director has further informed me that a research officer in the soils branch will undertake a further study of this problem, concentrating at first on evaluating the extent of its incidence and the value of management methods in mitigating its effect. Regrettably, no really promising leads have so far appeared.

RAILWAY PROJECTS

The Hon. C. M. HILL: On March 6 I asked the following questions:

Will the Minister of Health ascertain from the Minister of Transport what the current situation is regarding finalizing plans for the two major railway projects in South Australia: the Alice Springs to Tarcoola line, and the standardization of the Adelaide to Crystal Brook line? What are the current reasons for the delay in finalizing these plans, and can the Minister give a new estimate of the approximate time when an agreement will be completed?

Has the Minister of Health a reply?

The Hon. D. H. L. BANFIELD: It is expected that the plans for the Alice Springs to Tarcoola railway line and the standardization of the Adelaide to Crystal Brook railway line projects will be completed shortly. There has been no delay in finalizing these plans. These are both major projects, the planning of which has of necessity been protracted. It is not possible to give an indication of when the agreements on both these projects will be executed.

ROCK FOUNDATION

The Hon. M. B. CAMERON: Has the Chief Secretary a reply to my recent question about the rock music foundation?

The Hon. A. F. KNEEBONE: No funds have been available during the 1973-74 financial year to assist the rock music industry to the degree suggested by the originator of the Rock Music Foundation concept, Mr. Dave Turner. Mr. Turner has recently discussed his proposals further with Messrs. Amadia and Welsh of the Arts Development Branch. That branch of the Premier's Department is now preparing a summary of Mr. Turner's submission for consideration by the recently formed Arts Grants Advisory Committee, which will recommend allocation of all future art grants, from available performing arts funds, to the Government. The Arts Grants Advisory Committee may agree with Mr. Turner that the Government should provide recognition to the industry and some financial incentive to rock musicians. It is doubtful, however, whether Mr. Turner's requests for all suggested assistance, totalling \$200 000, could be funded. To do so would be equivalent to one-quarter of all funds provided for performing arts grants during this financial year. The committee's decision is anticipated in time for inclusion of any

recommended financial assistance in the next year's Estimates of Expenditure.

FRUIT FLY

The Hon. C. R. STORY: Has the Minister of Agriculture a reply to my question of March 5 about fruit fly?

The Hon. T. M. CASEY: I have a fairly comprehensive reply from the Director of Agriculture on the general subject of biological control of insect pests that attack fruit. I shall be happy to make a copy of that report available to the honourable member.

BUS SERVICES

The Hon. C. M. HILL: Has the Minister of Health replies from the Minister of Transport to the questions I asked on February 28 regarding the recent take-over of privately owned metropolitan bus operations in South Australia? The questions were: what was the estimated total cost to the Government and from where was the money to come; and with whom have agreements been concluded so far and what is the monetary consideration for each of those agreements?

The Hon. D. H. L. BANFIELD: My colleague states:

It is estimated that the cost of acquiring the private bus services in the metropolitan area will be \$4 000 000. The Municipal Tramways Trust is borrowing moneys from the Treasury on debenture in the normal manner to pay for the assets acquired. The funds borrowed will come from the State Loan Account.

DARTMOUTH DAM

The Hon. R. C. DeGARIS: I seek leave to make a short statement before directing a question to the Chief Secretary, representing the Premier.

Leave granted.

The Hon. R. C. DeGARIS: A few years ago the question of the future of South Australia's water supply occupied the centre of the political stage in this State. In recent years that question seems almost to have been forgotten. Will the Chief Secretary ask the Premier for a report on the present position regarding the construction of Dartmouth dam?

The Hon. A. F. KNEEBONE: I shall be pleased to convey the honourable member's request to the Premier and bring down a reply as soon as it is available.

RAILWAYS INSTITUTE

The Hon. C. M. HILL: Has the Minister of Health a reply from the Minister of Transport to my question regarding permanent accommodation for the Railways Institute?

The Hon. D. H. L. BANFIELD: My colleague states:

Before the needs of the South Australian Railways Institute can be met, it is necessary to find alternative accommodation for the Motor Vehicles Department, and in addition possibly construct a mezzanine over the main concourse of Adelaide railway station. The South Australian Advisory Board commissioned Hassell & Partners, consulting architects, to develop a master plan for the redevelopment of the site of the present Adelaide station yard. This plan is to cover the area to and from Morphett Street bridge to Station Road, and from North Terrace to the Torrens bank. The requirements of the South Australian Railways will be paramount in this master plan including, of course, the requirements of the institute. It is expected that the consultant's report will be available at the end of March, at which time consideration will be given to the future of the existing railway building and the specific requirements of the South Australian Railways Institute.

COUNTRY RAIL SERVICES

The Hon. C. M. HILL: Has the Minister of Health a reply to the question I asked last week regarding the future of country rail services?

The Hon. D. H. L. BANFIELD: My colleague states:

A joint working committee of officials of the Australian and South Australian Governments, which has been established to investigate the possible transfer of the South Australian Railways to the Australian Government, has submitted an initial report. This report is currently being considered by Cabinet.

WILLS ACT

The Hon. F. J. POTTER: On November 15 last I asked a question of the Chief Secretary, representing the Attorney-General, regarding the Wills Act, but I have received no reply. Will the Chief Secretary follow up the matter?

The Hon. A. F. KNEEBONE: I will see what has happened to the reply.

GAS ACT AMENDMENT BILL

The Hon. D. H. L. BANFIELD (Minister of Health) obtained leave and introduced a Bill for an Act to amend the Gas Act, 1924-1969. Read a first time.

The Hon. D. H. L. BANFIELD: I move:

That this Bill be now read a second time.

It is intended to achieve three purposes. First, it effects metric conversions to the principal Act. Secondly, in addition to, converting Imperial measurements it substitutes the term "heating value" for "calorific value". The former term is now preferred, and the definition of "calorific value" contained in the principal Act is no longer appropriate because it relates to gas saturated with water vapour, whereas most natural or refinery gas now supplied in South Australia is free from moisture, or very nearly so. Provision is made in the amendment to the first schedule for the standard of heating value of other manufactured gases to be related to gas saturated with water vapour. Thirdly, the Bill empowers the South Australian Gas Company to pay dividends to its members at a rate of interest approved by the Treasurer, removing the present maximum rate of interest of 8 per cent. This has become necessary as the present rate approved by the Treasurer and paid on Gas Company bonds exceeds the maximum dividend rate. This is inequitable to the members, and accordingly it is proposed to allow the dividend rate to be related to the long-term bond interest rate.

Clause 1 is formal. Clause 2 provides for the Act to come into operation on a day to be proclaimed. Clause 3 deletes the definition of "calorific value" from section 5 of the principal Act and inserts a new definition of "heating value". Clauses 4 to 8 inclusive replace the word "calorific" with the word "heating" in sections 8, 9, 12, 17 and 18 of the principal Act. Clause 8 also amends section 18 by replacing the term "British thermal units" with the word "megajoules". Clause 9 amends section 27 of the principal Act by removing the maximum rate of interest payable on dividends and providing that the rate be a rate approved by the Treasurer. Clause 10 amends section 36 of the principal Act which empowers the South Australian Gas Company to charge a rental for standby meters where the consumer has not used more than 300 cub. ft. (9.14 m³) of gas in a month. The amendment alters the figure to 10 cubic metres which equals about 353 cub. ft. The position of the consumer is therefore slightly improved.

Clause 11 amends the first schedule by providing metrically expressed standards of heating value for the Adelaide, Port Pirie, Whyalla, and Mount Gambier supply areas. The conversions from British thermal units for Adelaide (natural gas) and Whyalla (simulated natural gas) are exact. For Port Pirie the exact conversion is 18.7 mega-

joules, and this has been rounded off to 18.5 megajoules. The figure of 24.6 megajoules for Mount Gambier is fractionally below the present standard. This has been requested by Mount Gambier Gas Company Limited to enable it to provide uniformity in its various undertakings. The Director of Chemistry considers that the slight reduction in heating values in the case of Port Pirie and Mount Gambier will have no noticeable effect on the performance of appliances. Clause 12 also converts the tests for purity and pressure of gas so that they are expressed in metric terms. This Bill is a hybrid Bill and will, in the ordinary course of events, be referred to a Select Committee of this House.

The Hon. R. C. DeGARIS (Leader of the Opposition): I support the second reading of this Bill, which, as the Minister has said, is a hybrid Bill and must be referred to a Select Committee. Therefore, there is not much I can say to the Bill except that it makes certain conversion amendments to the principal Act and also other amendments because of the increased rate in the long-term bond situation. This means that the Bill must be referred to a Select Committee. I will not take up the time of the Council further; I support the second reading.

Bill read a second time and referred to a Select Committee consisting of the Hons. D. H. L. Banfield, R. A. Geddes, C. M. Hill, A. J. Shard, and C. R. Story; the committee to have power to send for persons, papers and records, and to adjourn from place to place; the committee to report on Tuesday, March 26.

JUVENILE COURTS ACT AMENDMENT BILL

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

PSYCHOLOGICAL PRACTICES BILL

Second reading.

The Hon. A. F. KNEEBONE (Chief Secretary): I move:

That this Bill be now read a second time.

It is introduced with its complement, the Scientology (Prohibition) Act, 1968, Repeal Bill. Honourable members will note that these Bills are substantially in the same form as Bills bearing similar titles that were introduced last year. This Bill provides for the registration of psychologists and, consequently, the protection of the general public from the dangers of the misuse of psychological practices by unqualified persons. No legal barrier exists at the present time in this State to prevent unqualified persons styling themselves as psychologists and offering to the public services to which the established psychological sciences relate. Disciplines of psychology at our universities, however, provide courses for the training of psychologists and set high standards of assessment to be met by students for qualification.

"The practice of psychology", in the words of the Report of the South Australian Committee of Inquiry into the Registration of Psychologists, "involves rendering to individuals, groups, organizations, or the public any psychological service involved in the application of principles, methods and procedures of understanding, predicting and influencing the behaviour of people. These principles may pertain to learning, perception, thinking, emotion, and interpersonal relationships. The methods used include counselling, conditioning, and measurement. Measurement will involve constructing, administering, and interpreting tests of mental abilities, aptitudes, interests, attitudes, personality characteristics, and emotion". Clearly, the practice of psychology, in any of the various fields in which psychological services are offered, requires considerable training and acquired skills and, as the very nature of its concern is the

psychological well-being or assessment of the individual, it is this Government's policy to prevent untrained and unskilled persons practising as professional psychologists.

The public is entitled to protection from possible unethical psychological practices, and it is believed that only by legislating for the registration of qualified persons as psychologists can protection be afforded. The legislation proposed provides for the establishment of a board entitled the "South Australian Psychological Board", responsible for the administration of the Act, and for the appointment of a registrar of psychologists. The registrar shall, under the Act, keep a register in which the names of professional psychologists (those persons who are properly qualified and adequately experienced) are entered. No other person shall, for profit or reward, assume the title of psychologist, or any other title likely to mislead one to believe that he is a psychologist, or practise as a psychologist. It is not proposed, of course, that legislation should relate to any personal counselling or guidance offered by one person to another for which no fee or reward is sought.

The proposed board has power to investigate, upon the application of any person or of its own motion, the conduct of any psychologist, under the Act. It may also regulate the practice of hypnotism, which is a psychological practice for the purposes of the Act but which may, with the approval of the board and subject to any conditions that the board may stipulate, be practised by persons other than registered psychologists.

Clause 1 is formal. Clause 2 provides that the Act shall come into operation on a day to be fixed by proclamation. Clause 3 provides for the division of the Bill into its various parts. Clause 4 contains the definitions necessary for the interpretation of the Bill. Clause 5 is an exemption clause. Legally qualified medical practitioners are, in the ordinary course of medical practice, exempt from the application of the Act; so, also, are students and teachers, in the course of study or research at any proper institution. Clause 6 empowers the Governor to exempt any person or class of person from the application of the Act, and to revoke or vary that exemption. Clause 7 creates the South Australian Psychological Board, a body corporate with powers, duties, and functions under the Act, and provides for the judicial recognition of the common seal of the board.

Clause 8 provides for the constitution of the board. It shall consist of seven members, appointed by the Governor, and nominated, as the case may be, by the Minister. Members of the board are not subject to the Public Service Act, 1967, as amended, unless they are already Government officers. Clause 9 states the terms and conditions under which board members shall hold office. A term of office shall not exceed three years, but members may seek reappointment at the expiration of this time. When a member fails, for any reason, to act in his capacity as a member of the board, the Governor may appoint a deputy, who assumes all the rights and duties of the replaced member. The Governor may remove a member from office for certain reasons, and the office itself may fall vacant in stated circumstances. In these situations, the Governor may appoint a new member. However, if the office has become vacant before the expiration of the term of the former holder, the new member shall be appointed only for the balance of the term of his predecessor. Clause 10 provides that four members of the board shall constitute a quorum and that no business shall be contracted at any meeting unless a quorum is present. All decisions shall be reached by a

majority. Where there is a deadlock in voting the Chairman has a casting vote. If the Chairman is absent from a meeting, the board shall elect one of its number to act in his place. This member assumes the full powers and duties of Chairman for that meeting only.

Clause 11 provides that any vacancy in any office of the board, or defect in any appointment to the board, is not a ground for challenging the validity of any act of the board. Any acts performed in those circumstances are valid. No member of the board shall be personally liable for anything he does or is done on his behalf, when the act is done or purported to be done in good faith and in the discharge of his powers and duties. This immunity also applies to acts done under the same conditions by or on behalf of the board.

Clause 12 provides that the common seal shall be used only following a resolution of the board, and witnessed by any two members of the board. Clause 13 empowers the board to appoint a registrar and employ all the staff it considers necessary to administer the Act. Government employees may be seconded with the approval of the Minister for their department. Clause 14 sets out the powers of the board. Clause 15 is an evidentiary clause. A certificate to the effect that a person is, or has been for a certain period, registered as a psychologist, and signed by the registrar, shall be *prima facie* evidence of that fact, as is the production of the register or a certified extract. Clause 16 provides for the composition of the funds and assets of the board, and the ways in which these funds may be used. Clause 17 provides for an annual report to be prepared by the board and tabled in Parliament by the Minister to whom the administration of this measure is committed.

Clause 18 provides for the keeping of proper accounts, and the annual audit. Clause 19 empowers the board to delegate any of its powers or functions to any member of the board, excluding only the power of delegation. No delegation can prevent the exercise by the board of any of its powers or functions. Clause 20 provides for the keeping of a register of psychologists. Clause 21 provides for the issue of certificates of registration to registered psychologists. Clause 22 sets out the qualifications an applicant must obtain to be entitled to registration. All registrations must be renewed annually. Clause 23 sets out the circumstances in which an applicant may be refused registration. Clause 24 empowers the registrar, in certain circumstances, to remove names of registered psychologists from the register. Clause 25 empowers the registrar to make all inquiries that he, or the board, considers should be made into any application, or other matter before the board. Clause 26 empowers the board to inquire into the conduct of any registered psychologist. It sets out the circumstances which constitute a proper cause for disciplinary action, and the forms which such disciplinary action may take. Clause 27 sets out the procedure to be used in inquiries into the conduct of psychologists.

Clause 28 sets out the powers of the board in all such inquiries. Included are the powers of requiring attendance; inspection of books; asking questions to be answered on oath. Any person who fails to submit to the exercise of these powers commits an offence, but no person shall be required to answer any question the answer to which would tend to incriminate him. Clause 29 gives a right of appeal to the Supreme Court against any order made by the board. Clause 30 enables the suspension of an order of the board, when an appeal against the order has been instituted. The suspension remains until the determination of the appeal. Clause 31 orders the surrender of his certificate of registration, by any registered psychologist,

against whom an order of cancellation or suspension of registration has been made. Failure to comply is an offence.

Clause 32 prohibits the carrying out of a prescribed psychological practice (see clause 4) by a person other than a registered psychologist. Clause 33 prohibits the use of the term "psychologist" by a person other than a registered psychologist. Clause 34 forbids the advertising of psychological services by any person, unless he is a registered psychologist or has the consent of the Minister. Clause 35 forbids the employment, by registered psychologists, of unregistered persons to practise psychology, except in prescribed circumstances. Clause 36 limits a registered psychologist, in relation to advertisements or descriptions concerning himself, to the description inserted in the register. Clause 37 imposes restrictions on the use of names that can be used by companies or associations, which consist wholly or partly of registered psychologists. Clause 38 makes it an offence for an unregistered person to use any titles or descriptions which are likely to create the impression that he is a registered psychologist. Clause 39 concerns the titles of educational institutions recognized by the board for the teaching of psychology. There are no limits in the choice of title or description for these institutions.

Clause 40 limits the practise of hypnosis to legally qualified medical practitioners and certain other persons. Clause 41 provides that all proceedings for offences under this Act shall be dealt with summarily. Clause 42 empowers the Governor to make regulations. In view of the effect which this measure will have on professionally qualified persons, other than psychologists, such as social workers, mental health visitors, occupational therapists, psychiatric and mental deficiency nurses, ministers of religion and marriage guidance counsellors, this Bill was considered and approved by a Select Committee in another place.

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

STATE GOVERNMENT INSURANCE COMMISSION ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from March 12. Page 2367.)

The Hon. A. F. KNEEBONE (Chief Secretary): In closing the debate on this Bill I should like to say that I appreciate the attention that has been given to it by honourable members because we have reached this stage in good time. In answering some of the matters raised by honourable members I should like to say that I believe that more than one honourable member referred to the second reading explanation given by the Premier when introducing the State Government Insurance Commission Bill in another place in 1970. That second reading explanation was also made in this Chamber at that time. That was not the first State Government Insurance Commission Bill introduced into this Chamber. I should point out again to honourable members that we had a mandate to introduce a State Government Insurance Commission Bill back in 1924 (as I well know because that was the first election campaign in which I took part). I did much door knocking during that election campaign in the East Torrens District, as it was then called.

The Hon. Sir Arthur Rymill: Some of us weren't even alive then.

The Hon. R. C. DeGaris: That was 50 years ago.

The Hon. A. F. KNEEBONE: I am glad that honourable members have referred to it as being 50 years ago, because it has always been a plank of our Party's platform since

then. Despite our mandate on that occasion a Bill, which was introduced in another place by the then Premier, John Gunn, was defeated on the second reading in this Chamber.

In 1967 a further Bill passed the second reading stage, only to be defeated as a result of totally unacceptable amendments that members opposite included in the Committee stage and upon which they insisted. The Bill therefore lapsed, as the honourable member has said. One honourable member had the gall to suggest during the second reading debate on this Bill that the Government had introduced it 40 years too late. My reply is that it was his side of this Chamber that refused the Labor Government of this State in 1924 the right to introduce a State Government Insurance Commission. We always hear the same parrot cry that we have not got a mandate for the legislation we wish to introduce. In this case we have had a mandate for 50 years.

During those 50 years honourable members of the Party to which the majority of members of this Chamber belong, or those Parties from which it sprang, consistently opposed the introduction of a Government insurance commission in this State. Fair enough, they were representing (and still are) vested interests who fear that such a commission would restrict their field of operation.

The Hon. Sir Arthur Rymill: You are saying that the voters of 1924 gave a mandate for this Bill to be introduced in 1974.

The Hon. A. F. KNEEBONE: It has been part of our platform ever since 1924 when we were given a mandate.

The Hon. Sir Arthur Rymill: I find that argument hard to swallow.

The Hon. A. F. KNEEBONE: Many of the things I say this afternoon the Hon. Sir Arthur Rymill may find hard to swallow, too. However, after 50 years of consistent opposition, partial agreement for the introduction of the commission on a restricted basis was eventually achieved; this was because the people had spoken through the ballot box. We do not believe that there is any particular magic about public enterprise or about private enterprise. We believe in getting the job done, and that is what the commission is doing. After the commission had been established, it expanded its business at a record rate. After all the things that had been said about how we were financing it, where we would get our staff, and how we would be able to carry on an insurance business, the commission increased its business in South Australia more than any insurance office had previously in the history of this State. In the first six months the premium income was \$805 288. In the next 12 months it rose to \$3 324 407.

The Hon. G. J. Gilfillan: What proportion of that was for the Government or Government instrumentalities?

The Hon. A. F. KNEEBONE: I do not have those figures available. Even this rate of increase has accelerated greatly in the eight months since the end of the financial year, and it is not from Government instrumentalities.

The Hon. C. M. Hill: You might hold a record for incurring losses, too.

The Hon. A. F. KNEEBONE: I will come to that in a moment. The honourable member referred to this matter, and I think that I can explain some of the misguided ideas people have in this regard. It is because of this rate of increase that so much opposition has been raised to the commission's intended commission into the life field. One honourable member who criticized the Hon. Mr. Creedon's speech had the effrontery to insinuate that the speech had been written for him. I can assure that honourable member that the Hon. Mr. Creedon prepared it himself and also quoted from well known publications. Speeches of some of the honourable members opposed to

the Bill could well have been written by the general managers of insurance companies, so closely did they follow the attitudes of those companies to the proposal. It is clear that Opposition members who spoke were voicing the opposition of the companies with a vested interest in keeping the commission out of the life field.

The Leader referred to the commission as having lost over \$1 000 000 in 18 months of operations. The explanation of this situation is tied up in the intricacies of insurance accounting. Any insurance organization starting up cannot be expected to make a profit for a few years because of the substantial reserves that have to be provided for unearned premiums and outstanding losses. In particular, reserves have to be provided for losses that have been incurred but have not yet been reported.

For example, regarding the two biggest insurance groups in Australia, in 1973 the Royal Insurance Group is alleged to have lost \$10 000 000 and the Commercial Union Group (which is an Australian subsidiary of the London parent company) lost about \$5 500 000. Most of these alleged losses were caused by additional provisions for incurred, but unreported, losses. The large percentage of compulsory third party business necessitates substantial reserves being created for claims, to take care of inflationary trends because most large third party claims take several years to settle, and additional provisions must be made for this. The commission considers that it has adequately reserved for any eventuality. These precautions would be taken by any prudent insurance company.

The Hon. R. C. DeGaris: That's the point we were making.

The Hon. A. F. KNEEBONE: I do not know that the Leader made it in quite that way.

The Hon. Sir Arthur Rymill: Did the Hon. Mr. Crendon write this speech for you?

The Hon. A. F. KNEEBONE: I wrote it as a result of information provided to me, in much the same way as the honourable member's speech was made because of his close association with insurance; his speech was spoken on behalf of those people.

The Hon. Sir Arthur Rymill: And spoken without notes.

The Hon. A. F. KNEEBONE: Nearly all Opposition speakers remain confused between profits and cash surpluses as applied to the insurance industry. In another place, they repeatedly quoted the loss disclosed in the annual report of the State Government Insurance Commission on general insurance. Yet the commission has invested about \$6 000 000 in the short time it has been operating. They know full well, because it had been disclosed in earlier debates, that all new insurance companies show losses in the initial years. The commission is, therefore, no exception. The sum of \$60 000 was loaned to the commission by the Government for establishment costs; this sum was repaid with interest within months, I am told.

The reason for this is because an annual balance date is always a fictitious one. At balance date a profit or loss figure is arrived at, but many of the largest items are purely estimates made by the management. These estimates include: (a) claims reported but not settled; (b) claims incurred but not reported at balance date; and (c) provision for catastrophe cover premiums adjusted subsequently to balance date according to the business written by the office. It is difficult to arrive at the point of the balance date, whatever it may be. Catastrophe covered premiums consist of insurance that must be taken out overseas because the sums are so great. That is why the balance at that date is difficult to arrive at and is only an estimate.

The commission has been very cautious on the estimation of claims and considers them to be adequate. Because of the need to close off the books at an artificial balance date (in the case of the commission, June 30), an expanding insurance company normally shows losses. In fact the faster the growth, the bigger the accounting losses likely to be disclosed. The main reason for this is the need to create (or write back) at each balance date a reserve for unearned premiums. This reserve is brought back into the accounts in the next year; but while the company is expanding, the next year's reserve for unearned premiums written back is greater than the reserve for the previous year. This difference shows in the books as a loss, but obviously it is not a real loss. This is the position and it is the accepted accountancy principle in the insurance industry.

From this, honourable members will see that only if the volume of business were the same in two consecutive years would last year's and the current year's reserves be the same. In fact, if an insurance company's business is decreasing, then this method of bookkeeping, which, as I said before is the accepted one throughout the industry for taxation purposes, would disclose profits that would be equally fictitious. I mention this because of the frequent reference to the drain which the commission has already been on the taxpayer because of its losses. I repeat that the loss disclosed has nothing to do with the cash surplus, and the taxpayers have in fact benefited by the investment of some \$6 000 000.

Criticism has been levelled at the number of staff required to operate the commission and the expenses incurred. Honourable members may be interested to know that the expenses incurred in operating the commission are less than those normally incurred by insurance companies in the private sector. For example, the Commonwealth Bureau of Census and Statistics shows that the average expenses for the private sector over the last few years are approximately 19.5 per cent, whereas expenses for operating in the commission at the current period show a ratio of 11 per cent. The ratio of salaries to net premiums for the commission would be the envy of many insurance companies. Another criticism was that the commission is not writing the amount of non-compulsory third party business that it had hoped it would. I can assure honourable members that the amount of new business each month coming to the commission other than compulsory third party insurance is as much as the staff can physically handle at this stage, and the number of new clients is still increasing.

The Leader referred to a company whose head office was in the United Kingdom. He was speaking of the amount of money, \$30 000 000, I believe, which was either granted by the head office or ploughed back, as he expressed it. From the very sketchy description of the operation, it was apparent to me that he was not giving us the whole picture. I am quite sure that the parent company must have thought it all worthwhile and eventually was recouped in full. It was noticeable that these apparent underwriting losses in the first years were not referred to as losses by the Leader. However, in the case of the State commission they were!

The Leader also quoted from the *Australian Insurance Journal Manual* of Australian life assurance. I find that this journal is produced by a publishing house in New South Wales from material supplied by insurance companies. I leave it to honourable members to judge for themselves as to the unbiased nature of the material. I note that in

the cases mentioned the name of the Mutual Life Company was not mentioned. Representatives of various life companies who in the past have tried to sell me their policies have all varied in what they have promised me as my return from the policy. I am quite sure that, even if the figures quoted could be substantiated, they would not be the average return of the companies but the top return.

When quoting what the Premier said in introducing the Bill which established the commission, honourable members have said we have not got a mandate because of what was said on that occasion. Let me here say something about people changing their minds. I still remember vividly the occasion in this Chamber when one honourable member of the Party to which the majority of the members opposite belong changed his mind in the middle of the floor in a division and went back whence he came. He probably made a quick assessment of numbers and realized it would pay to stay. That occurred when I was Minister of Labour and Industry; some honourable members voted with us, but some got their directions mixed, changed their minds, and went back again. However, I doubt whether there is an honourable member here who has not, as a result of fresh advice and mature consideration of a matter, changed his mind on a variety of matters. If this had not been so we would not have achieved very much.

Before the last election the Premier discussed the commission's policy with the Chairman of the commission (Mr. Lance Milne) and the General Manager (Mr. Gillen). The General Manager, for several reasons I will give later, advocated that the commission enter the life insurance field. The General Manager made the recommendation to the Premier, and the commission acceded to it. It was on that basis that, during the course of the policy speech prior to the last election, the Premier pointed out that the policy was on the recommendation of the commission.

When the Premier introduced the original measure that passed this Council setting up the commission, he gave the reasons that had been given to the Government by investigators into the establishment of an insurance commission as to why the Government was not entering the life insurance field, and the Government accepted the reasons. After the experience of the insurance commission over a period, the General Manager, who has a very high reputation in the insurance field in this State and in other States and who is regarded as one of the outstanding people in the insurance field, told the Premier that, in his view, the reasons the Premier had advanced earlier were ill founded, and he made a recommendation. The Premier then included the matter in the policy speech and, after the election, the commission made a submission to the Government as a result of material given to Government by the State Government Actuary. I will read what they said. This is the report from the commission on the visit of Mr. K. L. Milne and Mr. P. C. Gillen, of the commission, to the Government insurance offices of New South Wales and Queensland for the purpose of obtaining information for the establishment and administration of a life insurance office. I have copies for honourable members who want to see them. The report states:

You will recall that Mr. P. D. C. Stratford, Public Actuary, made a submission to the honourable the Treasurer, dated April 19, 1973, setting out his thoughts on the establishment of a Government life assurance office. This memorandum was sent to the commission for comment and the commission replied in a letter to the honourable the Treasurer dated July 11, 1973, that the matter was being investigated with the help of the Government insurance offices of New South Wales and Queensland. In a subsequent discussion which I had with the Minister,

he indicated that he would like the commission to be in a position to establish a Government life office in the near future. It was subsequently decided that the General Manager and I should visit the Government insurance offices referred to to obtain their opinion as to how the commission should proceed taking advantage of their experience in this field.

Mr. Gillen and I visited the State Government Insurance Office (Queensland) on Monday, September 3, and the Government Insurance Office of New South Wales on the following day. At the State Government Insurance Office (Queensland) we had the opportunity of discussion with the Chairman, the General Manager, the Actuary and the Manager-Life. At the Government Insurance Office of New South Wales, we spoke to the General Manager and the Actuary, the Assistant General Manager in charge of the life office. As a result of these discussions, we were able to form firm opinions on a number of matters raised by Mr. Stratford in his memorandum of April 19, 1973, and to establish fairly clear alternatives for others.

- (1) There was no doubt in the minds of the officers of both Government Insurance Offices that the life office in South Australia should be part of the existing commission and that there should be one General Manager for both general and life insurances. They illustrated this from their own experience which had proved very satisfactory and the experience of the insurance offices in the private sector, where those companies which were writing both general and life insurance normally did so in the same top management.
- (2) There are apparently a number of advantages in combining both general and life insurance in the one organization. For example, the accounting, marketing, investment and actuarial services would be shared by both general and life sections of the organization. This facilitates a number of economies and increases the co-operation between the life and general field staff who can work more closely together.
- (3) While the organization of the general and life sections would be merged, the life funds would be completely separate. The treatment of premium from life assurance is quite different from that of general insurance; therefore, the accounting records would need to be entirely separate, but administered by the one accounting department.
- (4) On the life side, the commission would need to have the authority to invest wherever it thought fit. It was clear from the information obtained in New South Wales and Queensland that investing only in trustees' investments which are predominantly fixed interest investments would not keep pace with inflation and thus would not enable the benefits from the Government life office to be comparable with competition from the private sector.
- (5) The key to the setting up of a life office is the actuary or actuarial services. Both New South Wales and Queensland recommended that the ideal situation would be to engage an actuary full time for the commission, preferably with a knowledge of life assurance. For the first year his duties would be taken up entirely with setting up the life organization, but gradually his services would be available on the general insurance side as well. It appeared that the commission should aim, first, at engaging its own actuary from the beginning; secondly, if this proves not to be practicable, then the commission should engage the services of a firm of consulting actuaries with experience in setting up a life office. There are such firms in existence in Australia and we were given the names of three of them.
- (6) It was reasonably clear that it would take in the vicinity of 10 years to establish a Government life office on an economic basis, depending on the public reaction towards it. If the public's attitude were favourable, it might take less than 10 years, but if there were public resistance, then it could well take a little longer.
- (7) Unlike the establishment of a general insurance office, guaranteed by the Government where no capital was required, it was made clear that a

considerable amount of money would need to be provided by the Government for the establishing of a life office for a period of up to 10 years. While the New South Wales and Queensland offices were not familiar with the size of the likely market in South Australia, they both considered that the amount necessary could add to something in the vicinity of \$4 000 000 to \$5 000 000. This would not be required all at once, but would probably be in the vicinity of \$1 000 000 for the first year or two, reducing to nil in about 10 years. They stress that this would depend on the rate at which the life office grew. The faster the business grew, the more money would be required from the Government in the first five years or so.

(8) We were advised that the commission should make a feasibility study and that, as part of it, we should make a market survey in an attempt to estimate the likely life business which would come to the commission.

(9) We discussed the question of field staff in some detail. It was considered that we would probably need about 10 life salesmen initially, increasing by three or four each year until the whole metropolitan area and probably the State was covered. The question of commission and other remuneration and allowances was discussed and that is the subject of a separate report from the General Manager. There is a considerable difference between the arrangements in New South Wales and Queensland State life offices and various companies in the private sector; therefore, this matter will need very careful consideration. Consequently, it would not be appropriate to try to make a recommendation at this early stage.

One question will need careful consideration before embarking on the project, and this is whether, on entering life assurance, the commission should have a combined field staff or should keep the general and life representatives separate. There are arguments for both arrangements, but we are inclined to the belief that it is better for the life representatives to sell life only and to have a working arrangement with the general insurance inspectors for mutual co-operation.

(10) It is estimated that, from the time a decision is made for a State Government life assurance office to be established, it would take approximately 12 months to achieve.

We therefore recommend, when the necessary legislation is passed and the commission is asked to establish a State Government assurance office, that we proceed as follows:

(a) That the State Government life assurance office be created under the existing commission with the same General Manager.

(b) That the commission engage its own actuary if possible but, if one is not available, that the commission engage the services of a firm of consulting actuaries during the setting-up period.

(c) That a copy of this report or a separate report containing the information herein, be made available to the Minister as soon as possible.

Subsequently, following on those recommendations and submissions from members of the commission, the Parliamentary Counsel was instructed to consult with them concerning preparation of the legislation. On February 15, the General Manager of the commission wrote to the Parliamentary Counsel, as follows:

Dear Mr. Daugherty,
Re: State Government Insurance Commission Act Amendment Bill, 1974.

Thank you for your letter of February 15, 1974, and I would advise having discussed the draft Bill with the Chairman of the Commission, Mr. K. L. Milne, which meets with the Commission's requirements.

Justification for a Government life office can be made on three principal grounds:

(i) There will be an increasing tendency on the part of insurers to offer a complete service—general and life—and an office which limits itself to general insurance business could well restrict its coverage of the market.

I point out that this is Mr. Gillen's letter to Mr. Daugherty. The situation in the insurance field has changed since the State Government Insurance Commission was established. The companies which are writing general insurance and which have a considerable group of premium payers in the area of workmen's compensation and third party liability insurance are faced with the fact that, if a no-liability insurance scheme is implemented (and the Commonwealth Government has said that it is examining this matter, to recommend a no-fault insurance scheme), their premium income would, with a number of outstanding claims, be cut off. This is a worry to everyone in that field, and all companies are, therefore, trying to widen the area of their insurance business to ensure that they receive a wider coverage, because in diversity there lies safety. The General Manager refers to this tendency of companies to write both general and life insurance, and suggests that it is safe and proper for the commission to follow suit. The letter continues:

(ii) Experience throughout Australia has shown, that a significant proportion of the population elects to transact business, not only insurance, with statutory corporations in preference to the private sector.

We have found that with the commission. The letter continues:

(iii) The life fund of a Government office will in time generate a significant level of investment funds which can be applied towards development of the particular State. By its very nature the concept of life insurance under which a level premium is paid for an increasing risk inevitably results in an accumulation of policy liabilities, the funds from which become available for investment in both Government and private sectors.

In addition to the above, the many clients of the commission have repeatedly asked when will the commission be entering the life field.

The report to the commission of its salesmen is that members of the public want the commission in the life insurance field: they want to be able to place the whole of their insurance with one office. The letter continues:

There is every indication that existing clients would favour a Government life office being established.

Yours sincerely,

P. C. Gillen (General Manager)

Experience of the State Government Insurance Commission has shown that it is desirable for the commission to extend to the life insurance business, and that the basis on which the Premier had originally suggested that we should not enter the life insurance field was wrong. As a result, the Government sought a mandate from the people of South Australia specifically stating that there were things that we had said that were ill founded and that we now believed it was proper that the life insurance business should be entered by the commission. We asked for a mandate for that, and we got it.

The Hon. R. C. DeGaris pointed out, according to *Hansard* (page 2238), that, up to the present time, life offices have invested in South Australia about \$460 000 000. Reference to the 1973 *South Australian Year Book* on page 593, shows that life premiums collected in the State, in the year 1971 alone, were about \$83 000 000. The payouts in South Australia amounted to some \$33 000 000. This leaves a surplus of some \$50 000 000 from which expenses of life insurance in South Australia must be deducted, leaving a cash balance. It would be surprising if, over all the years that these companies have been operating in South Australia, this cash surplus were not greater than \$460 000 000. In other words, although figures of this kind are not obtainable it would not surprise me to find

that the investment in South Australia was far less than this State's due proportion.

In the case of life insurance, there would in fact be a subsidy required for some years, but as stated in the commission's submission to the Premier of November 14, 1973, and which was quoted in another place in *Hansard*, it probably would be in the vicinity of between \$4 000 000 and \$5 000 000, spread over a period of several years. Since the period of 20 years and even 40 years has been mentioned during the debate on this matter as the period before profits will be made, I wish to refute this again. The inquiries the commission made through the State Government Insurance Office, Queensland, and the Government Insurance Office of New South Wales, were not the only inquiries made. Inquiries from additional actuarial sources confirmed that the period which it would take to make profits would be a maximum of 10 years and the subsidy probably as low as \$3 000 000, but was dependent on the speed with which the life business expanded.

The consensus of opinion of a number of actuaries is that they are certain there is a place for S.G.I.C. life because, as they say, very few life sales are made in competition except perhaps superannuation contracts, but most life policies are sold in isolation. In an article which appeared in the *Financial Review* dated Friday, March 1, 1974, a general appraisal of the life insurance industry was made. It mentions the challenges of the life insurance industry, but then goes to say:

The industry has taken heart, however, in the fact that while several other Western developed nations show that the average life insurance cover per policy-holder is four or five times annual salary, the comparable Australian statistic is one times annual salary, and that therefore there is plenty of scope for expansion.

I will point out how useful the insurance commission is to the public. It so happened that the commission started out at the tariff rates of insurance, but it then discovered that some tariff companies were giving substantial discounts, which were not going to the poor premium payers but to the agents. So, the commission said, "We will give the same discount, but we will give it to the customer". (I noticed recently when the renewal notice came for the insurance on my house that I got a discount amounting to quite a substantial sum.) There was a great row about that: it was terrible that the people should be getting the benefit of what the tariff companies were giving to private agents. True, at one stage the tariff companies increased their premiums on comprehensive motor vehicle insurance but the commission did not follow suit because it did not consider that it was necessary.

The honourable member knows well that, in the early stages of any Government insurance office, provision is necessarily made for claims that do not occur; but it is a necessary precaution. On a trading basis the commission has accumulated large funds. It has made investments, and several of them have been in semi-government loans, to the advantage of South Australia, and the public has benefited. From the General Manager we have the proposals and the reasons for this measure: it will be an essential protection to the commission if it is able to write life insurance as well as general insurance, so that there is a wider portfolio in that area, and that is necessary for its health. It is logical and sensible for the commission to be given the right to diversify by entering the life insurance field. All honourable members must realize that this is so, and to withhold this provision could be interpreted as an attempt to place the viability of the commission in jeopardy. I believe I have answered all the arguments put up against the Bill.

The Hon. R. C. DeGaris: You haven't, you know. There is quite a lot more.

The Hon. A. F. KNEEBONE: I point out that it is to provide for amendments to the parent Act, so that the commission may enter the life insurance field. It does not force the commission into that field but provides it with an opportunity to enter that field eventually. I have said all along that this is a plank of our platform. People talk about our entering the private enterprise field; some people have expressed the thought that we intend to nationalize insurance. There is no need for us to do that, and we do not intend to.

The Hon. R. C. DeGaris: You will not change your mind this time as you did last time?

The Hon. A. F. KNEEBONE: No; there is no intention on our part to nationalize the insurance field. Where a Government insurance commission operates in other States, talk of nationalization does not crop up. If we have the right to go into the life insurance field, this will provide diversification and protect Government insurance policyholders, and it will make the commission more viable. Judging by their speeches on this Bill and their opposition to it, I am convinced that at least some members opposite will oppose it. However, I ask them to do the right thing and, as the result of the further study and information I have given them, to support the Bill.

Bill read a second time.

In Committee.

Clause 1 passed.

Clause 2—"Amendment of long title of principal Act."

The Hon. R. C. DeGARIS (Leader of the Opposition): I oppose this clause. Whilst I listened with rapt attention to the Chief Secretary's excellent reply to the second reading debate, I do not want him to think he has convinced me that I should vote for the inclusion of life insurance in the workings of the State Government Insurance Commission. On the contrary, he has confirmed my opinion that the commission should not enter the life field. The argument put forward by the Chief Secretary had no bearing on the facts before us. He has spoken of how the commission operates financially at present; most honourable members have some, if not a vast, knowledge of that. In the establishment of any insurance office in the private enterprise field, in the mutual field, or in the State Government field, inevitably there must be losses. We know how they occur. Arguments have been used to defend the commission, which has lost \$1 000 000 and is losing at the moment at the rate of \$440 000 every three months. Maybe it is only a book entry but it is a liability that the Government is expected to meet. It is obvious that these losses will continue while the office operates as it is. We know that but we are dealing with a totally different case in relation to life insurance. The loss that the Government had to take into account in the establishment of its commission, dealing with its present portfolio, would continue for another 10 years, perhaps, but, if we are dealing with the establishment of a life office, the loss (or subsidy, if you like) will be over a much longer period because the commission is entering a field where tremendous expertise is required and where people are adequately catered for already.

The Hon. M. B. Dawkins: The Premier said that three years ago.

The Hon. R. C. DeGARIS: Yes. I will quote from the Hon. Mr. Creedon's speech, which, I thought, was remarkable. He said:

Life insurance is obviously an increasing and profitable business.

Does the Government want to go into life insurance to make a profit? Is that the reason, so that it can bleed the poor policy-holders and make a profit?

The Hon. A. F. Kneebone: Is that why the private companies went into the business?

The Hon. R. C. DeGARIS: The mutual companies are not there to make a profit; they are there to provide a service for their policy-holders. But the Government wants to enter the field of life insurance and, as the Hon. Mr. Crendon says, it is "an increasing and profitable business"; the Chief Secretary used similar words when he replied to the second reading debate. Does the Government want to provide a life insurance service for the poor people in the community or does it want to make a profit, to jack up a commission that is already losing \$1 000 000? In the next paragraph the Hon. Mr. Crendon said that it was obvious that the State should share in this profitability. Just what are we talking about? We have in Australia, and in South Australia, mutual societies that consist of policy-holders who receive the whole benefit of the management of their society's portfolio. The South Australian Government wants to enter this field because of the profit it can see is being made. Is it any wonder that the State Government Insurance Office in Queensland cannot pay bonuses as large as those paid by mutual societies in that State? One can easily guess the reason: one does not have to be Mandrake to work it out. We all know profitability exists in life insurance, but in mutual societies that profitability goes back to the policy-holders, and nowhere else.

Let me remind the Chief Secretary that, if it had not been for mutual societies, the Premier could not have financed the natural gas pipeline. A tremendous amount of work was done by mutual societies on behalf of this Government in finding that money. The money came not only from mutual societies in South Australia but also from societies in other States, and it was lent at an interest rate that was of tremendous benefit to this State. The Chief Secretary in his reply said there would be no restriction on the investment portfolio. Is he saying that because the Government office cannot get by on trustee investments? Exactly what are we achieving? We are creating another office that we know will not operate as well as mutual societies are operating. We also know that the commission will lose money. The Chief Secretary said this would apply for 10 years, but I predict that it will lose money for 20 years. Indeed, I have also said that it may lose money for 40 years, which may not be far out. The investment portfolio of the commission is not going to be used to finance the State Government, because trustee investments return an interest rate that is too low. Therefore, the Government is going to make outside investments. I once again ask what is achieved by this provision.

In replying to questions asked during the second reading debate the Chief Secretary almost completely confined himself to defending the present operation of the commission. There was practically no justification offered for the Government's going into the life insurance field. The Chief Secretary said that he had replied to all the questions that had been asked during the second reading debate, but he did not say what would happen regarding death duties on State insurance office policies if someone moved from this State to another State. It is an important question that should be answered. Also, he did not answer a question about the Commonwealth Insurance Commissioner's having control over the operations of life insurance in Australia

and whether the State Government would be outside his control. This Bill does not give people the protection from the Commonwealth Act. Other honourable members who spoke during the second reading debate would also find that many questions were not adequately answered by the Chief Secretary.

In conclusion, I ask whether the South Australian Government wants to enter the life insurance field because the Commonwealth is considering (I believe it has already made up its mind) entering the no fault insurance field. After all, the Commonwealth Government only has to think about something, whether it be right or wrong, and it will be done. Recently, I read a statement made by Mr. Gillen, Manager of the State Government Insurance Commission, in Sydney when he expressed his concern in this area and the effect it would have on the State Government Insurance Commission. I venture to say that if the Commonwealth Government goes into no fault insurance the Auditor-General in South Australia will be reporting not a \$1 000 000 loss for the year but a figure well in excess of that sum. I believe that the commission wants to enter the life insurance field to get a wider coverage in case the Commonwealth Government goes into no fault insurance.

I return to my first point: the reason this Government wants to move into life insurance. The Hon. Mr. Crendon put his finger on the reason when he said that life insurance was increasingly profitable and that the State should share in this profitability. That is the crux of the whole argument, and that is why I say that this Government should not have the right to enter the life insurance field. After all, it cannot, irrespective of what it does, provide any better service to the people of South Australia than is already given by mutual societies. I therefore oppose the clause.

The Hon. A. F. KNEEBONE (Chief Secretary): I listened with interest to the Leader, and have one question I should like to ask him. What is the Government? It is the people. If profit is made, is that not to the advantage of the people? The Leader did not say that no profit was made by mutual societies, but he did say that any profit was passed on to policy-holders. He said that it would take between 30 and 40 years to establish profitability in this field in the commission. However, he said that \$30 000 000 was lost in establishing branches—

The Hon. R. C. DeGARIS: I have checked the figure, and it is \$22 000 000.

The Hon. A. F. KNEEBONE: The figures I was given showed that \$14 000 000 was ploughed back and \$16 000 000 was a grant.

The Hon. R. C. DeGARIS: The actual sum is \$22 000 000.

The Hon. A. F. KNEEBONE: In reply, I said that the company must have considered these alleged losses were worthwhile, so the \$30 000 000 must have been recouped. If the money was recouped, it could not have been really a loss. The Leader said that the people of South Australia would have to pay for any losses incurred, and that this would take between 30 and 40 years. I have informed the Chamber how the commission operates and how its operating costs have been less, as a percentage, than those of private and mutual companies, yet the Leader still insists that it will cost the Government more to operate in this field. Government is the people, and any profitability that comes out of the commission's operations must be handed on to them. If the commission is to enter the field of life insurance surely life insurance must be profitable, because otherwise why would the mutual societies be so upset about this Bill? The

companies are not worried about the Government's losing money. They are concerned that it may extend into their life insurance field, which they would not like to see happen, because they realize that life insurance is profitable. I have already given the reasons why the Government wants to enter the life field, namely, because of the commission's recommendation and the Government's wish to diversify. Regarding death duties, I have been informed that, if a policy is issued under seal, death duties may be recouped in only one State. I was interested to hear the Leader's remarks regarding investment. I understood the Leader to say that he supported the idea that investment could be made in fields other than trustee securities. I point out how necessary this is. It would affect the commission's viability and put it at a disadvantage compared to outside companies if it could not do this.

The Hon. R. C. DeGARIS: I am not arguing against the Government's right. I am merely asking what it would achieve, by giving what already exists?

The Hon. A. F. KNEEBONE: It would achieve a greater return for our investment. All private insurance companies invest in the field that gives the best return. The premium money must be invested to its greatest advantage.

The Hon. R. C. DeGARIS: The Chief Secretary said that the profit made by the commission belonged to the people. It does not; it belongs to the policy-holders. The Hon. Mr. Creedon said that the commission should participate in life insurance because of the profit it would make. The commission could not operate in the life insurance field as effectively and efficiently as do the existing mutual insurance companies.

The Committee divided on the clause:

Ayes (6)—The Hons. D. H. L. Banfield, T. M. Casey, B. A. Chatterton, C. W. Creedon, A. F. Kneebone (teller), and A. J. Shard.

Noes (11)—The Hons. J. C. Burdett, M. B. Cameron, Jessie Cooper, M. B. Dawkins, R. C. DeGARIS (teller), R. A. Geddes, G. J. Gilfillan, F. J. Potter, Sir Arthur Rymill, C. R. Story, and A. M. Whyte.

Majority of 5 for the Noes.

Clause thus negatived.

Clause 3—"Powers and functions of commission."

The Hon. R. C. DeGARIS: I oppose this clause.

The Hon. A. F. KNEEBONE: I take the vote on the previous clause as indicating the Opposition's attitude to this clause.

Clause negatived.

Clause 4—"Power to invest."

The Hon. R. C. DeGARIS: I assure the Chief Secretary that I agree entirely with this clause; it is necessary that the commission have this power to invest.

Clause passed.

Title passed.

Bill read a third time and passed.

NATURAL GAS PIPELINES AUTHORITY ACT AMENDMENT BILL

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

DENTISTS ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from March 14. Page 2478.)

The Hon. D. H. L. BANFIELD (Minister of Health): I thank the Hon. Mr. DeGARIS for the consideration he gave to this Bill. During the second reading debate he asked about the registration fee. In reply, I point out that the fee currently charged by the Dental Board of South Australia for the registration of a person as a dentist is

\$10 per annum. The same fee will be charged for both conditional and ordinary registration. Dental therapists are not required to register with the Dental Board. They are allowed, under section 40 of the Dentists Act, to practise dentistry under the supervision of a registered dentist, and only in the course of employment by the Crown; that is, in the school dental service.

The Leader also asked me whether this Bill applied to locally trained dental therapists as well as to foreign graduates who, in the opinion of the board, do not have a sufficient professional standard to allow them to practise in their own right but who will be permitted to practise under the supervision of a qualified dentist. In reply, I point out that the Bill to amend the Dentists Act provides for the conditional registration of foreign dentists only; it does not apply to locally trained dental therapists. Dental therapists are allowed, under section 40 of the Dentists Act, to practise dentistry under the supervision of a registered dentist, and only in the course of employment by the Crown; that is, in the school dental service.

Bill read a second time.

In Committee.

Clause 1 passed.

New clause 1a—"Annual fees."

The Hon. D. H. L. BANFIELD (Minister of Health): I move to insert the following new clause:

1a. Section 12 of the principal Act is amended—

(a) by striking out from subsection (1) the passage "an annual fee of ten dollars" and inserting in lieu thereof the passage "such annual fee as may be prescribed"; and

(b) by striking out from subsection (2) the passage "the fee" and inserting in lieu thereof the passage "an annual fee".

At present a fee of \$10 a year is payable by each registered dentist. The purpose of the amendment is to provide that the annual fee will in future be prescribed by regulation.

New clause inserted.

Clause 2 passed.

New clause 2a—"Applications for registration."

The Hon. D. H. L. BANFIELD moved to insert the following new clause:

2a. Section 19 of the principal Act is amended—

(a) by inserting in subsection (1) after the passage "accompanied by" the passage "such application fee as may be prescribed and"; and

(b) by inserting in subsection (2) after the passage "refund the" the word "annual".

New clause inserted.

Clause 3 passed.

New clauses 3a, 3b, 3c, and 3d.

The Hon. D. H. L. BANFIELD moved to insert the following new clauses:

3a. Section 28 of the principal Act is amended by inserting after subsection (1) the following subsections:—

(1a) Applications for registration shall be made in the prescribed form and shall be accompanied by such application fee as may be prescribed and the annual fee.

(1b) If the application is refused by the board the board shall refund the annual fee to the applicant.

3b. Section 29 of the principal Act is amended—

(a) by striking out from subsection (1) the passage "an annual fee of five dollars" and inserting in lieu thereof the passage "such annual fee as may be prescribed"; and

(b) by striking out from subsection (3) the passage "the fee" and inserting in lieu thereof the passage "an annual fee".

3c. Section 37 of the principal Act is amended—

(a) by striking out from subsection (1) the passage "the first annual licence fee of ten dollars" and

inserting in lieu thereof the passage "such application fee as may be prescribed and the annual licence fee";

(b) by inserting after subsection (1) the following subsection:—

(1a) If the application is refused by the board the board shall refund the annual licence fee to the applicant;

and

(c) by striking out from subsection (2) the passage "The said fee" and inserting in lieu thereof the passage "The fees referred to in subsection (1) of this section".

3d. Section 38 of the principal Act is amended by striking out the passage "a fee of ten dollars" and inserting in lieu thereof the passage "such annual licence fee as may be prescribed".

New clauses inserted.

Clauses 4 and 5 passed.

New clause 6—"Regulations."

The Hon. D. H. L. BANFIELD moved to insert the following new clause:

6. Section 60 of the principal Act is amended by inserting after paragraph (d) of subsection (1) the following paragraph:—

(d1) prescribing the fees payable under this Act.

New clause inserted.

Title passed.

Bill reported with amendments. Committee's report adopted.

SUPERANNUATION BILL

Adjourned debate on second reading.

(Continued from March 14. Page 2469.)

The Hon. F. J. POTTER (Central No. 2): I support the second reading of this Bill, which effects a real transformation of the South Australian Superannuation Fund. It has, of course, been claimed off and on for many years that the benefits from the existing fund have been poor and the contributions have been costly. I do not think any honourable member can really comment on that claim, because none of us has sufficient information on the respective merits of the various superannuation funds throughout Australia. True, the cost of taking up units in the existing fund has been in the past and still is extremely high. Many contributors have had to forgo entitlements that arose from time to time because of inability to pay for such entitlements, especially at times when they were building the matrimonial home or bringing up their children. It is a common pattern throughout the Public Service that almost inevitably there are people who have had to forgo entitlements because of the cost of taking them up.

An opportunity now exists, under the Bill before the Council, to take up these neglected units, but of course this would be a costly procedure for most people. It is difficult to avoid such anomalies, and the Bill gives especially good benefits for those who have been fortunate enough, throughout their Public Service career and their membership of the fund, to be able to take up their units as they have fallen due. Such people will be greatly pleased by the provisions of the Bill, but some of those who have not been able to take up neglected units and who are now faced with the opportunity of doing so will be rather daunted by the large sums of money involved. We cannot, of course, name the additional sum, because each case is different, but sums have been mentioned of up to \$20 000 or \$30 000 to buy a full pension.

The Bill effects a real transformation of the fund and it can be fairly said that, with the proposals in this measure, the fund in future will rank as one of the best in Australia; indeed, in many ways it may be the best in Australia. In the past in this State we have been striving to set the

pace, and I am not sure that we have not done it again with this measure. It provides that a person shall get 66⅔ per cent of his salary as a retirement pension at the age of 60 years and, if I read the provisions of the Bill correctly, those who do not wish to retire until they are 65 will get more than 72 per cent of their salary at that age. If I am wrong about that, I hope the Minister will correct me; however, it seems to be the position.

That is quite a high percentage of salary at 65 years of age, and of course the cost to the public purse will be extremely high; we must face that. In his explanation, the Minister pointed out that at present the fund provides virtually for a 70 per cent contribution by the Government when the pension emerges; the contribution by the pensioner has been about \$3 for every \$10 and the Government subsidy is \$7. I have been informed reliably that that 70 per cent contribution by the Government will rise to more than 82 per cent as a result of the provisions of this measure. We must ask ourselves from where the money will come. We know that it will come out of the general revenue of this Government and will be a matter of concern to the people of this State, because anything that comes out of the public purse eventually must be found by them.

I congratulate the Minister on his general words of explanation of the background to the Bill; he explained the situation well and in simple terms. I cannot pretend to say that the same remarks apply to his detailed explanation of the individual clauses, because I found them difficult to follow, and I think all honourable members will be in that position. In some ways, I suppose this can be said to be a peculiar type of Committee Bill in the sense that questions may arise on individual clauses where explanations will be sought. Already I have one or two questions and I shall ask them at the conclusion of my remarks to give the Minister an opportunity to provide the answers. In looking at a Bill of this kind, we must ask what will be the impact, what will it do, and how will it help the various people who benefit under it, and in doing this we must look at three categories of people: the first would be those who are presently superannuants, already retired and receiving a pension; the second would be the people presently contributing to the fund under the old system and who will be moved into the new system, some of whom may be very closely approaching the retiring age; thirdly, we have the future contributors to the fund, those who will become members in the future.

Taking these categories in reverse order, the future contributors to the fund will be well served by the provisions of the Bill. If the Government had been dealing only with that group its task would have been simple, its commitment well known, and this Council would have been able to ascertain the cost, subject only, of course, to the expansion of the service as a whole. New contributors will be contributing to receive a pension at 60 years of age, and on attainment of that age no further contributions will be payable by them. The pension at that age will be 66⅔ per cent of retiring salary, and the contributions to be made by new contributors will be fair, and lower than under the existing scheme. All in all, the third group (future contributors) is well provided for.

The next group covers those at present in the fund and who are subject to varying disabilities or sets of circumstances. There are bound to be anomalies and there are bound to be some who are unhappy, and no doubt there will also be some people who will be happy about what they will get. A difficulty always arises when we have to

introduce a new scheme and fit it into another one, because inevitably the process means that we have to draw a line, and always some people, from their own personal point of view, will fall on the wrong side of the line. However, that cannot be avoided. If very difficult cases arise when the Act has to be construed and put into operation, I hope the Government will consider the particularly hard cases of injustice because in many ways we are up against the plain facts of mathematics and, if a person has over a period of time neglected, for one reason or another, some of his entitlement, then inevitably he cannot be expected to put himself back into what may have been his correct position without having to pay a suitable sum of money.

As I said earlier, the cost of taking up the neglected units will be very high for some people, and the cost of retiring between the age of 60 and the age of 65 and buying up full pension entitlement at this point of time will also be very high indeed. In fact, that cost will be higher than the cost of picking up the neglected units. It is inevitable that these problems will arise and some anomalies will have to be dealt with.

A problem arises here that I should like the Minister to note and deal with in his reply to the debate. I have spoken of the problem of the neglected units that a person may now have the opportunity of picking up, but there is also in the existing Act the right to take up reserve units (up to 16, I think). It may frequently happen that a contributor over the period of his service when his salary has been lower has been unable to take up units, which have lapsed, and then later he has climbed to a higher salary and has taken the opportunity of taking up reserve units. Will the Minister find out for me whether it will be possible for a person who actually has neglected units but at the same time has reserve units to apply his reserve units towards the taking up of his neglected units? That is important; it would affect many contributors. I can find nothing about that in the Bill. I may have overlooked it and there may be a ready answer, but I should like that looked into.

I think it can be said that the first category I mentioned (those people who are at present retired and receiving superannuation payments under the existing scheme) gets the poorest deal of all. True, by the provisions of the Bill they are to receive a 9 per cent distribution from the increase in the fund since the last revaluation, but we must remember that this is a once-and-for-all payment: the fund does nothing more than make that payment. In that connection, I have been informed that the association representing the superannuated people, the South Australian Government Superannuated Employees' Association, has put forward a proposition to rationalize the pensions of those people, some of whom have been retired for many years.

I have had an opportunity of looking at this proposed rationalization plan, which is based on a proposition that the salary of a person at the time of his retirement is to be rationalized by a formula that has regard to the base grade clerk's salary at that time and the increase in that base grade clerk's salary since. I will not go into the mechanics or mathematics of the formula, but I think it is a neat way of dealing with the problem of trying to improve the pension of those superannuants to the equivalent of what would have been a fair rationalization of that salary at the present time: in other words, taking account not only of the cost of living increase that has occurred since they went on the pension but also salary changes that have occurred. I was much impressed by this formula, which I think is fair and not difficult to apply. I understand it had the unanimous support of the federation repre-

senting those now on superannuation. Indeed, later I think it also had the support of the Public Service Association.

I am disappointed that the Government has not yet perhaps had the opportunity of examining this at great length, because it has had notification of it for some time. I am disappointed that there is nothing about this in the Bill. I hope the time will not be far distant, when this Bill goes through, when the Government will look at this again. I know the ability of the Government to do anything for the present pensioners on this basis depends very much on the financial soundness of the fund. I am not able to say much about that because I am not an actuary and would not pretend to know much about actuarial matters. It has been forcibly represented to me that the fund is earning at a very good rate; it is expanding and is sound. On the other hand, statements have been made to me by reputable people that the fund is not in a very sound position, for one reason or another.

I am afraid I cannot judge of that, but I sincerely ask the Government to give an undertaking to this Council that, if in the near future some improvement in the soundness of the fund, or some investigation of its soundness, reveals that it is possible to do something for the existing pensioners along the lines of this rationalization scheme put forward by the South Australian Government Superannuated Employees' Association, I think, in all justice, the Government should do something for them. I believe they have a case. It will not cost the Government or the fund much money to finance the examples that have been given. Indeed, it would go a long way to doing justice for these people. Certainly, they have had increases and cost of living rises over the years, but this scheme does not go all the way in doing the kind of justice that it should.

Having said that, I do not believe that I really need to take up much more of this Council's time. However, when we reach the Committee stage I will raise some anomalies that I believe exist that the Government should consider doing something about. In particular, a series of anomalies exists concerning the Government's wish to continue to pay pensions to widows and *de facto* wives. As I see the provisions of this Bill, it may be possible for a widow to collect not only her husband's pension but also other pensions, because if when she marries again she marries a man who is also a public servant and a contributor to this fund she may later collect a pension in regard to her first husband and another in regard to her second husband. Also, if she is a contributor to the fund she may collect her own pension in due time. I believe that clause 95 is quite wrong in principle and that a widow should not be able to collect three pensions.

This aspect should be looked into by the Government. The benefits payable by the fund should be limited to one pension, maybe the highest. A possibility exists that a widow may even be able to collect four pensions under this clause. However, I will not worry about it at this stage but will delve into it during the Committee stage. At that time I will want some clear statements from the Government on what it intends to do. I appreciate what the Government is trying to do by not depriving a widow completely of her pension if she happens to remarry. However, it is one thing to try to do justice for a woman in that situation (even for a *de facto* wife) and another to open up the possibility of unnecessary manipulation of the rights and privileges granted by this Bill. I have pleasure in supporting the second reading, and when we reach the Committee stage I hope that the Government will give satisfactory replies to the matters I have raised.

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

STATE TRANSPORT AUTHORITY BILL

Adjourned debate on second reading.

(Continued from March 14. Page 2470.)

The Hon. C. M. HILL (Central No. 2): During the last four years much has been said in this Chamber and much has been written and publicized through the media about the proper approach of the present Government towards its transportation planning. From what has been said I believe that two principal objectives or targets should be aimed at by the Government. The first of these is the need for a comprehensive transportation policy, and the second relates to metropolitan Adelaide and an integrated metropolitan transportation plan to serve rail and bus passengers.

The Bill before us deals with a State-wide comprehensive transportation policy and sets up a State Transport Authority. The Government does not tackle, as a separate challenge, the metropolitan situation. I hope that at some time in the future it will. However, we have before us in this Bill a State-wide concept and it is on that concept that this Council should concentrate.

A comprehensive transport policy must be concerned with all forms of transport: including that form under public and that under private ownership; that which serves passengers; that which handles freight; that which is subject to some control (such as road passenger services); and that which should remain free of control (such as road transport within South Australia). With those general objectives and concepts in mind I now consider the Bill in detail. Clauses 5 to 11 set up the State Transport Authority. The authority is to comprise seven members, one of whom is to be Chairman. The members are to be appointed by the Government on the recommendation of the Minister of Transport, and six of the members are to be appointed for four years. Four members of the authority form a quorum. The Chairman's term of office is not laid down in this measure, a matter which I raise because I have grave concern whether or not this legislation is in the best possible form when it gives the Government of the day the opportunity, on the recommendation of the Minister, to appoint a Chairman for any length of time that it sees fit.

Clauses 12 to 14 deal with the powers and functions of the authority. I am particularly concerned about clause 12, which deals with the functions of the authority, the principal function of which is to co-ordinate all systems of public transport within the State. One can place different meanings on the words "co-ordinate" and "co-ordination", and also place various interpretations on the words "public transport". I think that these terms must be closely examined if honourable members are to understand fully the implications of the Bill.

Undoubtedly the Government, by co-ordination, means control, but I do not interpret it that way. My interpretation of "co-ordination" is working together or liaising between various authorities. The fact that the Government interprets co-ordination to mean control is proved if one goes back to 1966 when the Government of the day, through the then Minister of Transport (Hon. A. F. Kneebone) introduced a Bill to amend the Road and Railway Transport Act.

That Bill, as honourable members no doubt recall, was introduced for the purpose of reintroducing road transport control in this State. The first sentence in the Minister's

second reading explanation, given on January 26, 1966, was as follows:

Its object is to restore co-ordination of transport in this State.

Later, he said:

If it is argued that this is not co-ordination of transport but solely taxing of road transport, I make it clear that in the Government's view it is co-ordination between the main sources of transport, rail and road.

In his concluding paragraph, he said:

Clause 20, which is the most important clause, repeals the sections included in 1963 and 1964 respectively, virtually removing transport control throughout the State. The effect of the amendment will be to re-establish control. So, clear emphasis and meaning was placed on "co-ordination" by the Government of that day (which is the Government of the present day), namely, that its meaning of "co-ordination" was control. If we place that interpretation on it, we see that the authority's first function will be to control all systems of road transport within the State. But what do we mean by "public transport"? Does it mean transport of the public, or does it deal with authorities involved in transport for the public? If it means the latter, it includes road transport. Unless the meaning of "public transport" is made clear, I believe that almost any interpretation could be placed on it.

The Hon. T. M. Casey: Our policy is an open road policy.

The Hon. C. M. HILL: I am pleased to hear the Minister say that; it indicates that the Government has changed its policy over the years. However, I do not want to be side-tracked.

The Hon. A. F. Kneebone: We changed our minds.

The Hon. C. M. HILL: Did you? I hope that the Government does not change its mind again. However, if the Bill is passed in its present form, the Government might change its mind again. If the meaning of "public transport", as set out in the Bill, covers the question of authorities involved in transport for the public, it could include road transport. If it includes road transport, the authority's principal function could be to control all systems of public transport, including road transport, within the State. So, I think that, particularly regarding the definition of "public transport", the situation should be made clear before the Bill passes all stages.

I question, with regard to the functions and powers contained in clause 12, the need for the last function the Bill gives the Minister, namely, that the authority can perform such other functions as may be assigned to it by the Minister. That is a very wide power. No guidelines or terms of reference are laid down: merely that the Minister may assign any function to the authority as he sees fit. Honourable members should closely examine this matter. The remainder of this relatively short Bill, comprising clauses 15 to 20, deals with staff, and miscellaneous matters are covered at the end of the measure.

I turn now to what the Minister said in his second reading explanation in regard to the Bill, because we must heed the genuine fears already being expressed concerning the Government's intentions if the Bill is passed in its present form. The Minister said that the Bill was being introduced because reports had been obtained by the Government recommending the Bill. A committee was apparently formed in July, 1973. I ask the Government, so that honourable members may have a proper knowledge of the background of the measure, whether it would consider making available that committee's report so that we may be armed with all the surrounding information that has led up to the Government's plan to tackle road transport problems in this manner. The Minister's second reading

explanation makes absolutely clear the situation concerning the Government's ultimate intentions on transport; it states:

The term "goes some way" is used quite advisedly, since the ultimate intention of having a single authority actually operating all major forms of public transport in the State is just not capable of being realized at this stage.

However, the meaning of "ultimate aim" should be made clear. The Minister's second reading explanation states that the authority will operate all major forms of public transport; that is its ultimate aim. It would therefore appear that privately owned passenger bus services in country areas are doomed, because passenger bus services throughout the State are a major form of public transport.

The Hon. M. B. Dawkins: They'll be treated the same as the metropolitan bus services were treated.

The Hon. M. B. Cameron: Money is no object.

The Hon. C. M. HILL: I agree. Surely the Transport Control Board, which, under the Bill is one of the prescribed bodies that will be taken over automatically if the Bill is passed and which controls our passenger bus lines, will be subservient to the new authority. The present independence it enjoys will go, and heaven knows what method might be adopted to socialize our country bus lines. We could have the simple procedure that occurred in the suburbs recently. Application can be made for fare increases, which can be refused. Application can then be made for a subsidy.

The Hon. D. H. L. Banfield: Fare increases were not refused.

The Hon. R. A. Geddes: They were not granted.

The Hon. C. M. HILL: Continuing with my description of the procedure, I point out that subsidies will not be granted, and then the bus proprietors will have no option but to go cap in hand to the Government and ask it to acquire their assets. There will then be complete Ministerial control, an object that the Minister has plainly stated is one of the objects of this Bill. I express my complete objection to this proposal.

In his second reading explanation the Minister explains how the machinery to control transport organizations completely is being invoked in two phases. The Bill before us is the first phase, setting up the authority. Later, the authority will have the duty of making recommendations to the Minister for a complete take-over of the bodies prescribed. In his concluding sentence before dealing with the clauses in detail the Minister again touched on the process that the Government had clearly in mind. The Minister said:

The present Bill is then no more than the first step in providing for the people of this State a co-ordinated system of public transport.

There again, by the word "co-ordinated" the Minister means "control". So, the Government is being very honest in the way it is disclosing its intentions, and the State is faced with this take-over, which is a take-over not only of organizations such as the Municipal Tramways Trust and the South Australian Railways but also of the private bus services of this State. I am not willing to give complete power over the Transport Control Board to the Minister; I do not believe it should be tied in any way to the new body.

Not only will the new authority take over the country buses but also it must be remembered that it has been through the Transport Control Board that controls over road transport in this State have existed. That board administered and still administers the Road and Railway

Transport Act. There is no doubt that, if the new authority takes over the Transport Control Board, it will not be very long before the Minister obtains from his State Transport Authority a strong recommendation to reintroduce controls over road transport in country areas.

The Hon. M. B. Dawkins: They might change their minds again.

The Hon. C. M. HILL: The Minister will reintroduce those controls and say that he is acting on the recommendation of the State Transport Authority, which will say that it has an intimate knowledge because it has taken over the Transport Control Board. The rural community does not want that, nor should they have it. I stress that the Party that I serve is strongly against it, too. This can well be the thin end of the wedge. The only way to ensure that that area of doubt and deep concern is left out of this Bill altogether is to leave the Transport Control Board out of this Bill altogether. I also have grave doubts about clause 12.

The Hon. A. F. Kneebone: When you referred to the Party that you serve, which Party did you mean?

The Hon. C. M. HILL: I have always served one Party. I am given a little freedom, which honourable members opposite would not understand, because they do not know the meaning of the word. Government members are bound by Caucus rulings, under pain of expulsion. They then have to follow those rulings blindly. As this Bill introduces great changes in the transport administration of this State, this Council should ask itself what kind of board the Minister really proposes to set up.

Let us remember that this Bill ends the Railways Department as we know it; it ends the Tramways Trust as we know it; and it will probably result in a take-over of the Troubridge and some ferry services. In view of these tremendous changes, I am concerned as to what kind of board the Minister intends to appoint.

Will he have a board rather similar to the boards that direct public companies, on which sit men of great expertise and independence who, generally speaking, are separate from the executive work of the companies? I would think that a strong case could be made out for laying down in the Bill the representative groups that should be heard on this authority. Should we not have someone representing local government, someone representing the transport unions, someone representing, say, the State Planning Authority, the Railways Department, the Tramways Trust, the road passenger services, and possibly the Highways Department? I ask the Minister to indicate in his reply to this debate which kind of authority the Government proposes to elect.

On the other hand, the authority may be made up of people who are not with those arms of transport but who are somewhat disinterested in those subjects; they may have expertise in the professions, trade unions, etc. If we are to have a board of that kind we must remember that the board is to be under the complete control and direction of the Minister. It is not a board similar to the boards appointed years ago to run instrumentalities of this kind, such as the Municipal Tramways Trust Board. I believe that this Council should look at these very important questions. I seek leave to conclude my remarks.

Leave granted; debate adjourned.

ADJOURNMENT

At 5.30 p.m. the Council adjourned until Wednesday, March 20, at 2.15 p.m.