

**HOUSE OF ASSEMBLY**

Tuesday, February 26, 1974

The SPEAKER (Hon. J. R. Ryan) took the Chair at 2 p.m. and read prayers.

**PETITION: PRICE'S JETTY**

Mr. RUSSACK presented a petition signed by 910 persons who expressed concern at the proposed demolition of all of Price's jetty at Wallaroo, and prayed that the House of Assembly would take action to ensure that only that part of the jetty seaward of a point 9 m west of the boathouse would be demolished.

Petition received and read.

**MINISTERIAL STATEMENT: GENEALOGICAL CENTRE**

The Hon. L. J. KING (Attorney-General): I seek leave to make a statement.

Leave granted.

The Hon. L. J. KING: The Prices and Consumer Affairs Branch has inquired concerning the duplicated letters sent out by the International Genealogical Centre of Australasia, and the results indicate that the recipients should disregard suggestions that they could be beneficiary to a substantial inheritance. The organization was registered with the New South Wales Corporate Affairs Commission on October 19, 1973, and its address was 490 Liverpool Road, South Strathfield, New South Wales. Its business was stated to be genealogy and heraldry, and the proprietor was a John Perry, of Burwood, New South Wales. There were two employees, but the only person present when a call was made on December 14 stated that he was a research officer and had been employed for one week.

It appears that the centre has sent duplicated letters to a large number of persons named Williams and Wilson suggesting in optimistic terms that the recipient might be a beneficiary in a deceased estate. Although no definite statement was made to that effect, the writer stated that it could well appear that the recipient was entitled to a substantial inheritance. The letters also stated that the centre would claim 5 per cent of any inheritance, and asked that \$20 be sent towards the cost of the investigations. Latest information received from New South Wales by the South Australian Prices and Consumer Affairs Branch is that the firm has now vacated the premises at South Strathfield and that the New South Wales authorities have been unable to contact Mr. Perry.

The sending of the letters by the International Genealogical Centre is not a breach of the Unordered Goods and Services Act. However, there is only the remotest chance that any of the people approached are, in fact, entitled to an inheritance. It would be just as profitable to dig for gold at the end of a rainbow as to send \$20 to the centre in the hope of receiving a fortune. I also wrote to the New South Wales Attorney-General (Mr. McCaw) concerning the operations of the centre. He has confirmed the information obtained by the South Australian Prices and Consumer Affairs Branch, and adds that, as the proprietor does not appear to be a member of an accredited ancestry society, inquirers should be advised not to remit any money to the organization.

**QUESTIONS**

The SPEAKER: I direct that the following written answers to questions be distributed and printed in *Hansard*.

**SCHOOL MILK**

In reply to Mr. MATHWIN (February 21).

The Hon. HUGH HUDSON: Following the decision by the Australian Government to cut out the provision of free milk in schools as from the beginning of 1974, the South Australian Government, through the Minister of Health, made representations to the Australian Government with a view to having free milk supplied to children in grades 1 and 2 and also to children in special schools such as the mentally or physically handicapped, or in schools attached to child care institutions. It also intended to include children attending schools on Aboriginal reserves and those attending rural schools where the enrolment is predominantly Aboriginal. However, the Australian Government would not agree to these submissions, and it is considered that no good purpose would be served by taking the matter up again. On the other hand, it is not financially feasible for the State Government to provide the necessary funds for the continuance of the scheme.

**REMEDIAL CLASSES**

In reply to Mr. MATHWIN (February 20).

The Hon. HUGH HUDSON: The Education Department planned that when the open-space school at Ascot Park was completed, the opportunity class would be transferred to Marion and Mitchell Park Primary Schools where there was suitable accommodation. This decision was made because at that time there was no experience in South Australia of teaching opportunity classes in an open-space unit shared with other children, and only large open-space units were available at Ascot Park. The honourable member's statement that no one knew where the children were to go is incorrect. During the latter part of 1973, the Senior Guidance Officer of the Psychology Branch addressed two meetings of parents of children concerned at the school, and one meeting at a private home. All parents were invited. Parents who did not attend were invited to contact the officer at the branch, and several did so. At the end of 1973, a letter was sent to every parent concerned advising the school their child would attend at the beginning of 1974. Some older children went to special classes in secondary schools. The Senior Guidance Officer has received no complaints.

**MONARTO**

In reply to Mr. WARDLE (February 20).

The Hon. D. J. HOPGOOD: The question asked by the honourable member can be divided into two parts, the first being the lease-back arrangements, and the second the committee to be appointed under section 8 (a) of the Act. Regarding the lease-back arrangements, the advertisement to which the honourable member has referred was inserted by the State Planning Authority in accordance with procedures followed by that authority before the Monarto Development Commission commenced operations and became responsible for these matters. The procedures were designed for the purpose of arranging lease-backs to the former owners of lands acquired at Monarto, and where land was to be offered for leasing to outsiders, included the calling of tenders for such leases by advertisement.

These matters are now administered by the Monarto Development Commission and, although there has been no change in Government policy concerning lease-backs, the commission has been advised that serious erosion and environmental problems may occur if the conditions under which leases are offered to outsiders are not reviewed. The commission is now undertaking a review of this policy, and is to submit a recommendation to me on the matter.

The review will not affect the negotiation of lease-backs to former owners but only the leasing of land to outsiders. The advertisements to which the honourable member refers were not withdrawn, but, pending the policy review now under way, the commission deferred any action on the applications received for leases as a result of the advertisements.

In regard to the second part of the question, the establishment of the committee, I inform the honourable member that it has been established and it will comprise the Valuer-General, as Chairman; Mr. A. W. Richardson, General Manager of the Monarto Development Commission as my nominee, and Mr. L. H. Laffer as the nominee of the Institute of Valuers.

#### EVAPORATION BASINS

In reply to Mr. ARNOLD (February 20).

The Hon. J. D. CORCORAN: Preliminary investigations have been undertaken on four potential sites for evaporation basins remote from the river valley, but it is not possible at this time to say that a suitable site has been located. Two of the four sites have been rejected, and further work is continuing on areas well to the north of Monash and well to the east of Loxton. There are some technical problems in the long-term operation of an evaporation basin where it is not possible to periodically dispose of water, as in the River basins. These matters are being explored concurrently with the preparation of environmental impact studies and economic feasibility studies. The resiting of existing basins away from the river will involve some millions of dollars, and every alternative possible has to be examined technically, environmentally, and economically before a solution can be found.

#### ELECTRIC CAR

Mr. GUNN (on notice):

1. Is it contemplated that the South Australian prototype electric car developed at the Flinders University will be sold to commercial interests for manufacture?

2. What future assistance does the State Government intend to make available to the Flinders University to carry on research in this important field?

The Hon. D. J. HOPGOOD: The replies are as follows:

1. If the prototype electric car now being constructed at Flinders University achieves the theoretical levels of performance that the study group has suggested it is capable of, the most likely course of action is that the Government would finance the construction of a group of two or three slightly varied prototypes for further testing and evaluation. If, at the end of this evaluation, it was decided that the electric vehicle could be a commercial proposition, further developmental work would be undertaken by the Government or sponsored at least in part by the Government, so that South Australian industry could take maximum advantage of the opportunity to produce these vehicles. Every opportunity will be taken to ensure that potential for industrial development within this State is not lost. However, agreement with industry will be designed to protect the interests of South Australia.

2. That which is necessary to achieve the above objective.

#### SOLAR ENERGY

Mr. GUNN (on notice):

1. What plans has the State Government to investigate the harnessing of solar energy?

2. Has any consideration been given to using the Maralinga testing site as a future base for a solar energy farm?

The Hon. D. J. HOPGOOD: The replies are as follows:

1. The State Government has no direct involvement in research into solar energy. However, the whole question of energy requirements is being examined by the State Energy Committee that has recently been formed under the chairmanship of the Director of Industrial Development. This committee will consider the long-term requirements for solar energy research. The Commonwealth Scientific and Industrial Research Organization Division of Mechanical Engineering has been involved in solar energy research for about 15 years. Its research has been mainly concerned with low-temperature gradient (that is, domestic) water heating and desalination. The C.S.I.R.O. has recently increased its research activity in the areas of power production and industrial water heating. The Flinders University has demonstrated its interest in solar energy by establishing an Institute of Solar and Electro-chemical Energy Conversion. This institute has not received any State or Commonwealth Government funds at this stage, and its research has been limited to normal research in the university context. The development of solar energy technology for power and industrial applications, while an exciting prospect, is unlikely to emerge in the short term. Oversea experience has shown that this type of research is very expensive, and it is likely to be beyond the resources of the individual States.

2. Consideration of the location of a solar energy farm at Maralinga would be premature at this stage. Until the technology has been developed, no consideration can be given to the economics of various locations.

#### ADELAIDE RAILWAY STATION

Mr. GUNN (on notice):

1. What plans has the South Australian Railways to re-model or alter the basic structure of the Adelaide Railway Station?

2. Is it intended to demolish the existing structure and, if so, what type of structure is contemplated to replace the existing one?

The Hon. G. T. VIRGO: The whole question of land use of railway property is subject to investigation by consultants. It is expected that the result of this investigation will be available by the end of March, at which time appropriate decisions will be made.

#### SHOPPING HOURS

Mr. HALL (on notice):

1. Is it a fact that the Government is reviewing or has reviewed its previously stated attitude to late night shopping?

2. Is the Government considering introducing legislation to allow late night shopping to be introduced, and, if so, does it intend to specify the week night on which shopping will be allowed?

3. If late night shopping is introduced will it apply throughout the State, or will it be restricted to the metropolitan area, or specific districts within the metropolitan area?

4. In the event that late night shopping is introduced, will the Government legislate for specific industrial conditions, or will it allow such matters to be determined under the Industrial Conciliation and Arbitration Act?

The Hon. D. A. DUNSTAN: The replies are as follows:

1. and 2. No.

3. and 4 Not applicable.

**MEMORIAL HOSPITAL**

Dr. TONKIN (on notice)

1. What investigations have been conducted into the rebuilding proposals submitted for Government support by Memorial Hospital Incorporated?

2. When is it expected a decision will be made?

The Hon. L. J. KING: The replies are as follows:

1. Following the original submissions late last year by Memorial Hospital Incorporated to the Government concerning the rebuilding of the hospital, which submissions were considered to be too vague and incomplete to enable an adequate assessment as to the ultimate cost to be carried out, the Chairman of the Hospital Board was requested to provide specific details of the boards long-term proposals for hospital buildings, a detailed assessment of costs involved, and an assessment of the board's ability to meet its share of the costs. A conference of the representatives of the board, its architect, and the Director-General of Medical Services has been arranged for Thursday, February 28, at the Hospitals Department, to further discuss the proposals

2. It is not known when a decision will be made in this matter.

**METROPOLITAN WATER SUPPLY**

Dr. TONKIN (on notice):

1. How many complaints have been received about the quality of water in the metropolitan area during the period from November 1, 1973, until the present time?

2. Is one part of the metropolitan area more concerned than other areas and, if so, what suburbs are involved?

3. How many complaints referred to:

- (a) offensive smell and taste;
- (b) discolouration; and
- (c) both?

4. What investigations have been conducted, and what have been the conclusions reached?

5. What measures is it intended to take to relieve the present situation pending the completion of filtration works?

6. When is it now expected that Adelaide's water supply will be fully filtered?

The Hon. J. D. CORCORAN: The replies are as follows:

1. A total of 619.

2. North-eastern suburbs: Tea Tree Gully, Modbury, Para Hills, Ingle Farm, Valley View, and Highbury.

3. (a) 89

(b) 530

(c) No statistics available

4. A very comprehensive investigation into the problems of metropolitan water quality and the requirements for water treatment were completed in 1971. The findings of the report *Water Treatment for Metropolitan Adelaide* were made public on June 1, 1972, and copies have been available from the Parliamentary Library since August 8, 1972. The conclusions reached were as follows:

The studies of water-quality records have confirmed that the chemical and radiological levels of Adelaide's water supplies are perfectly satisfactory, and that, judged by normal levels of acceptability, the hardness is quite tolerable. However, the physical characteristics of colour, turbidity, odour, and taste fall far short of the established standards for public water supplies.

Furthermore, while Adelaide's water may be judged to be relatively safe, it does not satisfy international standards for bacteriological quality, and there is increasing concern that due to the presence of suspended matter some pathogenic organisms may be shielded from disinfection by chlorination. Significant bacterial counts in reticulated water at times of high turbidity add weight to this concern. In brief, Adelaide's water is no longer acceptable for a modern city.

5. Metropolitan consumers will receive progressively improved water as the various works are commissioned. Consumers reticulated with unfiltered water supplies will continue to receive the best available quality of water by careful management of water storages and operation of outlets. Chlorination will continue to ensure the safety of Adelaide's water supply.

6. In 10 years

**BALDNESS**

Dr TONKIN (on notice):

1. What investigations have been made into the activities of the firm advertising as Ashley and Martin, and offering treatment to prevent baldness?

2. What were the findings of such investigations?

3. What actions, if any, is it intended to take in relation to the activities of this firm?

The Hon. L. J. KING: The replies are as follows:

1. The Prices and Consumer Affairs Branch investigated seven complaints involving Ashley and Martin during the 1973 calendar year. The main areas of complaint related to doubts as to the effectiveness of the courses of treatment, together with concern at the high pressure salesmanship applied during interviews to induce the signing of costly contracts. In each instance contracts were cancelled. The Public Health Department has also conducted an investigation into the activities of this business.

2 and 3. Reports from both bodies have been considered by the Government and, as a result, it has been decided to establish a committee with the following terms of reference "to examine the procedures and activities associated with scalp treatments commonly advertised as purporting to treat baldness, and to report to the Attorney-General detailing what action (if any) should be taken to control such activities".

**NUMBER PLATES**

Dr TONKIN (on notice):

1. What is the policy of the Motor Vehicles Department regarding the issue of special or specific number plates?

2. On what basis are such number plates allotted to specific applicants?

3. What consideration, if any, is involved in an application for a specific or unusual number plate?

The Hon. G. T. VIRGO: The replies are as follows:

1. Special or specific number plates are not issued by the Motor Vehicles Department.

2. Not applicable.

3. Not applicable

**CASUALTY DEPARTMENTS**

Dr. TONKIN (on notice):

1. How many patients, respectively, were treated at the Royal Adelaide Hospital and Queen Elizabeth Hospital casualty departments during the 12 months ended December 31, 1973?

2. How many of these patients in each instance were:

- (a) casualties requiring urgent medical attention;
- (b) patients requiring urgent medical attention necessitating admission to hospital; and
- (c) patients requiring medical advice at the general practitioner level and requiring referral to out-patients and other clinics?

The Hon. L. J. KING: The replies are as follows:

	Royal Adelaide Hospital	Queen Elizabeth Hospital
1.	74 558	35 026
2. (a) 34 533		24 938
(b) 29 089		6 186
(c) 10 936		3 902

74 558

35 026

**UNIVERSITY ENTRANTS**

Dr. TONKIN (on notice):

1. How many places have been available for first year entry into the University of Adelaide, the Flinders University of South Australia and the Institute of Technology respectively, in each of the years from 1969 to 1974?

1. Adelaide University.....	1969	1970	1971	1972	1973	1974
Flinders University.....	1 495	1 590	1 700	1 700	1 800	1 905
S.A Institute of Technology (degree and diploma only).....	515	675	780	885	865	1 014
	700	771	831	829	831	871
						+ 100
						associate
						diplomas
2. Qualified for matriculation.....	2 678	3 026	3 506	3 666	3 977	
Qualified for registration (but not for matriculation)	293	355	180	516	455	
3.	5 017	5 646	6 283	6 932	7 280	

2. How many students qualified for Matriculation and for certification (for the institute) respectively in each of those years?

3. What number of students presented themselves at the Matriculation examination in each of those years?

The Hon. HUGH HUDSON: The replies are as follows:

**VISUAL DEFECTS**

Dr. TONKIN (on notice):

1. Is the Minister satisfied with the functioning of the school health services, particularly in relation to the detection of visual defects?

2. Is there any evidence to suggest that a significant number of visual defects in children are undetected by the present methods of visual assessment?

The Hon. L. J. KING: The School Health Branch maintains close liaison with ophthalmologists in hospital and private practice in South Australia, and staff attend clinics and post-graduate courses at the Adelaide Children's Hospital regularly. The branch is now considering the request of the Advisory Panel for Blind and Partially Sighted Children, South Australian Education Department, for the provision of ophthalmological review services with the School Medical Service Branch. It is not considered that there is any evidence that a significant number of visual defects in children are undetected by the present methods of visual assessment, although the element of human error always has to be considered. In the past some country children may have had visual defects undetected until seven, eight or even nine years of age, because of the procedure of three-yearly visits to the more remote areas. However, arrangements have now been made for more regular visits in all country areas. The following statistics for 1972 are forwarded for information:

(a) Children medically examined in all schools	77 659
Visual defects detected (for which notices sent).....	4 490
Wearing spectacles.....	3 993
(b) Children screened all schools (vision and hearing).....	32 056
Visual defects (for which notices sent) detected.....	1 409
Wearing spectacles.....	1 900
Vision defects—5.4 per cent.	
Wearing spectacles—51 per cent.	

In addition, about 3 000 children, that is, 3 per cent of the total examined, are either already under care but not wearing spectacles, or have minor defects for which notice has not been sent, but are for recall the following year. Prevalence of eye conditions in South Australian children in 1972 was 13.5 per cent. This is about the Australian and British averages.

**POLICE FORCE**

Mr. MILLHOUSE (on notice):

1. Has consideration been given to allowing members of the South Australian Police Force to wear beards and, if so, what conclusion has been reached?

2. If not already considered, is the matter to be considered?

The Hon. L. J. KING: The replies are as follows.

1. Consideration has been given to allowing members of the South Australian Police Force to wear beards, and the conclusion reached was that they are not to be worn.

2. Not applicable.

**JUDGES' CHAMBERS**

Mr. MILLHOUSE (on notice): Is a new set of judges' chambers being prepared at the Supreme Court and, if so, why?

The Hon. L. J. KING: Yes. It is certain that, in order to cope with the increasing business of the Supreme Court, it will be necessary to appoint a tenth judge in the future. Accordingly, provision is being made for the future expansion of the court.

**PENONG SCHOOL**

Mr. GUNN (on notice): When is it expected that the air-conditioners for Penong school will be supplied?

The Hon. HUGH HUDSON: A refrigerated air-conditioning unit will be installed at Penong within the next fortnight.

**WEST COAST WATER SUPPLY**

Mr. GUNN (on notice): What plans has the Engineering and Water Supply Department to provide a reticulated water scheme to the areas west of Ceduna to Penong?

The Hon. J. D. CORCORAN: The Engineering and Water Supply Department has no plans for the construction of branch mains from the Tod trunk main west of Ceduna in the foreseeable future.

**WEST COAST HOUSES**

Mr. GUNN (on notice): What plans has the Housing Trust to build houses for purchase and for rental, respectively, at both Ceduna and Streaky Bay?

The Hon. D. J. HOPGOOD: The demand for housing at Ceduna is such that four houses are now being constructed, and approval has been given for a further eight to be contracted for. Unfortunately, the desired handover rate has not been attained because of the lack of building trades. However, it is expected that this situation will improve shortly, and it is hoped that by June 30, at least, twelve houses will have been completed during the present fiscal year. These houses will be for rental and for sale. At Streaky Bay there was no evidence of demand for housing at the time estimates were prepared for the 1973-74 year. However, the latest survey in this area has indicated a need, and at least two rental houses will be constructed there. The trust carries out continuous assessments for housing needs in most country centres, and the

programming at Ceduna and Streaky Bay will be such that we think waiting time for both sale and rental houses will be substantially less than in most other country areas.

### HUMAN RIGHTS BILL

Mr. MILLHOUSE (on notice):

1. Has a date been fixed for the meeting of law officers of the Commonwealth and the States to study the implications of the Human Rights Bill with respect to State law?
2. If a date has been fixed what is it and, if not, why has it not yet been fixed?
3. Which law officers will attend the meeting and what are their instructions?

The Hon L J KING. The replies are as follows:

1. Officers of the States have conferred as to the implications of the Human Rights Bill with respect to State law, and officers of the States of South Australia, Western Australia, and Tasmania have conferred with Commonwealth officers
2. Not applicable.
3. Not applicable.

### FUEL

Mr. MILLHOUSE (on notice):

1. Who are the members of the committee to inquire into and report upon all aspects associated with fuel for the provision of energy and associated matters?
2. What are the precise terms of reference of this committee<sup>9</sup>
3. When will the committee report?
4. Will the report be made public?
5. Will any opportunity be given for the report to be debated in Parliament and, if so, what opportunity and when?

The Hon. D. A. DUNSTAN: The replies are as follows:

1. The members of the State Energy Committee are as follows: W M. Scriven (Director of Industrial Development), Chairman; B. P. Webb (Director of Mines), J. P. Burnside (Chief Engineer, SA. Gas Company); M. A. Kinnaid (Kinnaid, Hill, de Rohan & Young); M. J Knight (Superintending Engineer (Services), Highways Department), S E. Huddleston (Deputy General Manager, Electricity Trust of South Australia); A M. Smith (Senior Economist, Premier's Department); Professor R. W. F. Tait (Professor of Chemical Engineering, Adelaide University); Professor H. A. Blevin (Chairman, School of Physical Sciences, Flinders University); Dr E L Murray (Senior Lecturer in Physics, Flinders University); and K. J. Bertram (Administrative Officer, Premier's Department), Secretary.
2. The terms of reference for the committee are as follows:
  - (1) To detail the State's energy requirements of fossil fuels for the next 20 years, based on expected availability of these fuels,
  - (2) To evaluate the State's known energy reserves in the traditional forms of coal, natural gas, and crude oil;
  - (3) To consider the extent to which the reserves of item 2 may provide or contribute to the requirements of item 1 and the manner in which this might be achieved;
  - (4) To evaluate the State's reserves of nuclear fuels and consider how they might be used in accordance with projected Australian and South Australian Government policies;

- (5) To report on present and predicted world technological development of energy conversion, storage, and use including solar energy and its possible application to long-term needs of the State, and

- (6) To report to the Minister periodically on the committee's finding in these matters.

3. It is expected that the committee will report to me from time to time as aspects of their study are clarified, and that a comprehensive report will be made available to me by August, 1974.

4. While there are aspects of the report that will be suitable for public release, much of the information contained in the report is expected to be confidential because of the co-operation sought from industry in ascertaining energy requirements

5. Because of the classified nature of some of the information it is not expected that the report will be debated in Parliament, but I see no reason why honourable members cannot be given access to the complete report. It is expected that the report would be made available for this purpose within a month of it being placed in my hands.

### HEALTH ACT

Dr. TONKIN (on notice):

1. What are the reasons for the delay in promulgating regulations relating to private hospitals and nursing homes following amendment of the Health Act in early 1972?
2. When is it expected that these regulations will be promulgated?

The Hon L. J. KING: The 1971 amendment to the Health Act revised the definition of private hospitals and rest homes, and provided for a new category of nursing homes. Following the proclamation bringing this amendment into operation on July 6, 1972, draft regulations were prepared and circulated to representatives of interested organizations. Agreement was reached in general on the proposed regulations, which were then considered in detail by the Central Board of Health, which recommended their adoption on May 29, 1973. The draft regulations were returned from the Crown Solicitor on August 30, 1973, with the certificate of validity To ensure that complete information is available to the public and interested organizations, and to assist in interpretation of these regulations, it is necessary that codes of practice be prepared and issued simultaneously with the gazetting of the regulations. These codes of practice are being finalized, and it is expected that the regulations can be submitted for consideration by Executive Council by the middle of March, 1974.

### READING PROBLEMS

Mr. MILLHOUSE (on notice):

1. Was Dr H. Geil brought to South Australia to prepare specialist teachers to solve reading problems in schools and, if so, why and at what expense?
2. Are persons with qualifications similar to Dr. Geil available for such work in Australia and, if so, at what estimated expense?
3. If such persons are available why was one not engaged to undertake the work being undertaken by Dr. Geil?

The Hon. HUGH HUDSON: The replies are as follows:

1. Yes Expense consisted of salary equivalent to South Australian secondary consultant, \$9 932, and air fare from and to United States of America.
2. No
3. Not applicable.

**SUPERPHOSPHATE BOUNTY**

Mr. BLACKER (on notice).

1. What effect would the withdrawal of the superphosphate bounty have on the production ability of South Australian agriculturalists?

2. Does the Government intend to take any action to ensure that the bounty is not withdrawn and, if so, what action and when?

3. If action is not to be taken, why not?

The Hon. J. D. CORCORAN: The replies are as follows:

1. It is probable that the withdrawal of the superphosphate bounty will result in a reduction in usage, but not to the full extent represented by the value of the bounty; that is, farmers will increase their expenditure to make up part of the difference in cost. The effect on productivity will be gradual, because of the residual value of previous applications. Farmers who have been supplying liberal amounts in recent years will not notice the effects for some time, whereas those using minimal amounts will have lower production almost at once unless they maintain applications.

2. The Minister of Agriculture has discussed this matter personally with the Australian Minister for Primary Industry, and has expressed his view that any withdrawal of the bounty should be phased out over a period of years.

3. Not applicable.

**SUPERANNUATION**

Mr. DEAN BROWN (on notice): What will be the expected additional cost to the South Australian Government if the proposed Public Service Superannuation scheme is adopted?

The Hon D. A. DUNSTAN: No reliable estimate is possible, because the cost depends on the number of early retirements. However, it is expected that the cost may be about \$6 800 000.

**UNEMPLOYED WORKERS**

Dr. EASTICK: Will the Minister of Labour and Industry say how the Government intends to force unemployed workers off the dole and back into the work force? It was pleasing to see in yesterday's press a report that the Minister had indicated a desire to take a firmer stand against people who lived off unemployment benefits rather than accept offers of employment. The Opposition has brought this matter before the Government on many occasions in the past, and it is gratifying to hear that the Minister is now voicing the same sentiments. The report attributed to the Minister after his return from a meeting of Commonwealth and State Labour Ministers in Melbourne pointed out that in January about 70 000 job vacancies were registered with the Commonwealth Employment Service, yet about 47 000 people were still receiving unemployment benefits. As the Minister has said, in some instances it seems difficult to justify the payment of unemployment benefits. I ask him, therefore, to explain how he intends to go about protecting the taxpayers' money from people who, in some instances, are simply bludging on society.

The Hon. D. H. McKEE: I have not said that I would force people back to work, but this matter was raised at the State Ministers' conference chaired by the Commonwealth Minister last Friday in Melbourne. The matter was discussed at some length, and it was proposed that there be a review of terms and conditions of employment of people when they applied for social service benefits. That proposal is being reviewed by the Commonwealth Minister, and we are awaiting—

Dr. Eastick: It was supported by you?

The Hon D. H. McKEE: It was supported by all State Ministers. We expect that there will be a review by the Australian Department of Labour of terms and conditions regarding the acceptance of employment

**SOUTH ROAD CROSSING**

Mr. PAYNE. Will the Minister of Transport expedite Highways Department action in converting the pedestrian crossing at South Road, Clovelly Park, to a press-button traffic light crossing? This crossing, which is south of Daw Road, is on South Road at a point where a Woolworth supermarket is located on the western side and an opposition supermarket is located on the eastern side, and this results in much pedestrian use of the crossing throughout the daylight hours. Many accidents have occurred at this crossing, involving pedestrians and persons who have halted at the so-called zebra crossing, and I understand that the councils concerned have approached the Highways Department concerning the fact that, because of the high volume of vehicular traffic on this section of South Road, a press-button operated crossing would, for the want of a better term, carry more weight with motorists, many of whom do not seem to be able to realize until it is too late that they are approaching a zebra-type pedestrian crossing and who are therefore involved in an accident.

The Hon G. T. VIRGO: I shall be only too pleased to use my best endeavours to have the matter expedited with the Highways Department, but I point out that this is not the complete solution to the problem. The situation, which was highlighted by the tragedy that occurred there yesterday, is that, in accordance with the requirements and procedure laid down, the councils concerned sought the approval of the Road Traffic Board for the pedestrian crossing to be converted to a three-colour pedestrian-actuated signal system. That approval was forthcoming because of the volume of traffic involved and the other criteria used, and the Highways Department, together with the Fire Brigade, is currently working on the plans for this crossing. The Fire Brigade is involved because only a short distance from this crossing is the St. Marys fire station, I think it is called, where a set of traffic lights is necessary for the fire engines to get out in the event of a fire. Obviously, if pedestrian-actuated lights of the three-colour signal system type are to be installed, they have to be tied in with those lights. The other problem associated with the installation of traffic lights at present is that there is only one source of supply in Australia for the equipment necessary for traffic signals, and that source is in the Eastern States. Regrettably, South Australia's orders are filled only when the orders of the Eastern States have been filled, so that installing signals is a difficult task. However, notwithstanding these factors, I assure the member for Mitchell that the Highways Department will do all in its power to expedite the matter and will give the councils concerned every assistance possible in their efforts to have the new signals made operative.

**MOTION FOR ADJOURNMENT: UNIONS**

The SPEAKER: Today I have received from the honourable member for Goyder (Mr. Hall) the following letter:

I wish to inform you that it is my intention to move this day that this House at its rising this day adjourn until tomorrow at 1 p.m. for the purpose of discussing a matter of urgency, namely, that the conduct of a number of union administrations in South Australia is not in the best interests of union members.

In accordance with Standing Orders, I call on those members who approve of the intended discussion to rise in their places.

*Several members having risen:*

Mr. HALL (Goyder): I move:

That this House at its rising this day adjourn until tomorrow at 1 p.m..

for the purpose of discussing a matter of urgency, namely, that the conduct of a number of union administrations in South Australia is not in the best interests of union members. I have received complaints from a number of unions (and from unionists complaining on their own behalf, being members of those unions) about the administration of the unions and the misappropriation of moneys in those administrations. Today I refer to the Federated Storemen and Packers Union of Australia (to which I referred briefly, in more difficult circumstances, in the House last week), the Federated Miscellaneous Workers Union of Australia, the Australian Building and Construction Workers Federation, and the Australian Government Workers Association (which has been in the news recently).

I point out that two other unions have been mentioned to me as being currently in the circumstances of the other unions to which I have referred. However, at present I am extremely doubtful about using their names publicly, although I would like to see their accounts audited and their members protected by a public scrutiny of the books of these unions. Nevertheless, at this stage I believe I should refer in my remarks this afternoon to the unions to which I have referred by name; I want to refer particularly to the Storemen and Packers Union in some detail.

The material I have also involves an auditor of the accounts of the Storemen and Packers Union who I believe has deliberately covered up the facts of the misappropriation of money that took place in that union's affairs. The continual misappropriation that occurs from time to time in union affairs is basically due to the fact that the law never applies to the people who take the money. As all members opposite know, there is an unwritten law in the union movement that the misappropriation or embezzlement of union funds shall be settled without resort to the police or the law of the land. As members of this House know and as those who are involved in industrial matters in this State know, the record bears out what I have said, as there have been numerous cases that have never led to the prosecution of those who took the moneys from the association concerned.

Therefore, the matter of auditors and the auditing of union accounts becomes most important with regard to the protection of union members. I was prompted by the need for this protection to draft the Bill which is now on the Bill file and which I hope the House will pass before this session ends. If members can think of improvements to that Bill I will welcome them later. At least the Bill is a start on the road to cleaning up union administration in some instances. I must say at the outset that the allegations I will make are specific: they do not apply to the whole union movement. I know that the administrations of some unions would stand any inspection: I congratulate those administrations on the leadership they give and on enabling their members to feel secure and confident in that leadership. However, one cannot say this about all unions in the State: that is why I have moved this motion.

I repeat that my motive in moving this motion this afternoon is that I do not want misappropriations to continue to occur from time to time simply because no penalty

applies to those who take the money. It is time that this Parliament, in cases where its laws prevail (as we know, many union matters are dealt with by Commonwealth legislation), took action to have these problems solved. I do not intend, therefore, to enter into any detailed description with the idea of being vindictive. In many cases the subject of union administration is no longer simply a private matter for the association or union concerned, because we have recently witnessed the extremely rapid growth in the community of compulsory unionism by agreement between industry and the unions concerned and of preference to unionists, which is a long step towards compulsory unionism and which has been encouraged by the State Government.

I now refer members to a report in the *Advertiser* of October 2, 1970, headed "Mr. Virgo promises answer soon", which states that Cabinet wants Government employees who are not unionists to be encouraged to join the appropriate unions. The report continues that this was stated in an industrial instruction issued by the then Chairman of the Public Service Board (Mr M. L. Dennis). The report continues:

The Acting Premier (Mr. Corcoran) said yesterday that this instruction was issued on June 22 and still stood. The instruction also said, "Heads of departments are informed that Cabinet has decided that preference in obtaining employment shall be given to members of unions."

I do not want to emphasize that point any further now. I use it simply to substantiate the point I am making that this is no longer a private affair involving a certain union, because, whether or not one wants to belong to a union, one must do so if one is to obtain a job in certain areas in this State. All members know of the recent attempts that have been made to force shop assistants in this State to join the shop assistants union. If one examines the membership of that union, one finds that it has increased dramatically as a result of the pressure exerted on shop assistants to join it. In using that example, I dissociate any of my later remarks from that union, and I will not refer to it generally except in relation to this one illustration.

I refer also to the question I asked the Minister of Labour and Industry last week regarding the protection he would give to tip-truck owners who had been forced to join the Transport Workers Union as a result of intimidation. The Minister was asked that question following an explanation he made a few minutes earlier in which he said that taxi owners could not be considered to be employees and would therefore not be insured under the Workmen's Compensation Act. The Minister himself would therefore agree, it seems, that tip-truck owners are not employees, according either to his definition or to that of his department. However, they must pay to the Transport Workers Union what amounts to protection money so that they can carry on their business.

I am not arguing in this debate the merits of that situation. I merely state that it exists and that one must join a union in order to carry on one's business or to protect one's employment. The conduct of the affairs of these unions becomes a matter for public oversight and does not merely reside with the unions themselves. Now I refer to a further point involving the Commonwealth sphere. Senator Murphy (Commonwealth Attorney-General) has prepared a Bill, which has been referred to at some length in the *Financial Review*. The substance of the press report is as follows:

Senator Murphy told the paper that the public has the right to know about the decisions of corporations whose affairs have an effect on the community.

One cannot support that view regarding corporations without supporting a similar view regarding associations of employees which demand membership as a prerequisite to obtaining employment. The parallel factor of the Commonwealth move is most recently illustrated in this State by the disturbance within the Australian Government Workers Association. We can all recall the rather lurid reports, which I believe are factual, about the disturbances and the one occasion of violence which broke out and was threatened for subsequent meetings. I believe that that violence and disturbance would not have occurred (nor would the depredations of the accounts of the A.G.W.A. have occurred) had there been proper supervision of workers' affairs in this State. I believe that the union operates under the Conciliation and Arbitration Act which was passed by this Government.

I now refer to a circular which I believe illustrates what has been going on within the union. The circular has been sent out over the name of H. Armstrong, who I believe is a councillor of the A.G.W.A. Members opposite should know—

Mr. Wright: Hasn't this been—

Mr. HALL: I should hope that members opposite would want to investigate this allegation and not wash their hands of it, because it is a matter of public interest. I have not seen this circular published so that the general public can see what the argument is about. It is as follows:

An examination of the financial statements since Mr. Thomson has been in charge is a very revealing exercise. During the year ending June 30, 1972, whilst Mr. May was General Secretary, from an income of \$106 000 the association was able to boast a surplus of \$33 000. This would indicate that the funds were in good health and that it wouldn't be necessary to go to the members seeking increases in subscriptions. In the first 12 months of operation under Mr. Thomson with the annual income of \$119 000 we had a surplus of less than \$10 000.

Members can calculate for themselves how the position has worsened. The circular continues.

In the 17 weeks since July 1, 1973, the union received \$43 158.73 in income. Payments were \$56 957.34 leaving an excess of payments over income of almost \$14 000. What organization with any sense of responsibility would continue to employ a person whose administration leads to this situation? Between January and September of this year the payments from petty cash amounted to \$8 200; no other union would spend this amount in four years. Payments from petty cash on a monthly basis were January \$389; February \$629.06; March \$507.57; April \$500; May \$1 699.61; June \$100; July \$696; August \$3 470, and September \$300. Other interesting items to appear in this period from July-October are: Annual general meeting expenses \$5 060. The only comment to make is that it must have been some meeting. Light and power appears at \$375.69, at \$4 50 a day.

The report is too long to read completely, but I have drawn attention to the Armstrong circular for what it is worth. If the figures are correct, we do not have to explain what happened; it is self-evident that someone took money. I believe that establishes the fact that this is still continuing in this society. I mentioned earlier the matter of other unions, particularly the Miscellaneous Workers Union, with which I believe the Minister of Environment and Conservation was closely associated at one time. I am certain that he knows what I am talking about.

The Hon. G. R. Broomhill: What do you mean by that?

Mr. HALL: He knows that in the late 1960's money was taken from the Miscellaneous Workers Union by Mr. Wharton, that Mr. Wharton was dismissed or resigned, whatever were the exact circumstances of his going, that he was replaced by Mr. Barry Cavanagh, and that there was a visit from the Commonwealth Secretary, who

attended to these arrangements from Victoria. The clear facts of the case are that the Minister of Environment and Conservation has sat in his seat for years knowing this, and I understand it is an offence to know these things and not report them.

The Hon. D. A. Dunstan: How low are you getting?

Mr. HALL: I am not getting low. I have further explanations, for the Premier's benefit. It is his type of administration that leads to continuing activities of this sort. Everyone in industrial circles also knows that the builders labourers union was subject to similar circumstances: a Secretary, who has since died, took money, and the matter was never prosecuted in the courts.

Other people, of course, know of these things, and I have a circular by Mr. Apap, of the Storemen and Packers Union, regarding the Australian Government Workers Association. What it had to do with him I do not know, and, given the background of his union's activities and what he knows about them, I should not have thought he would speak up about the Australian Government Workers Association. However, the circular that he sent to his members states:

Union statement re McRae M.P. No doubt members have read in the newspapers, during the Christmas holidays, that our union laid certain charges against Mr. McRae, A.L.P. member for Playford, and we wish to inform our members the true facts of the charges.

(1) Our union, at no stage, has taken any side of the A.G.W.A. dispute. The points that we wanted to make before the A.L.P. were:

- (a) That no Labor Parliamentarian should involve himself in any union dispute, as Mr. McRae has been doing.
- (b) No Labor Parliamentarian should take any side in any demarcation dispute (Mr. McRae supported the shop assistants union against our union in November of last year).
- (c) Our policy is "one man one job". Politicians are being paid enough to look after the people they represent in their electorates, and should not involve themselves in any other work unless they are helping the workers.

They were Mr. Apap's remarks, made from the base of the Storemen and Packers Union about the Australian Government Workers Association, and so we come to the Storemen and Packers Union. I have in my possession much material about that union, extending over many months and even years. This material has been provided by people whose names I will not mention in this House.

Mr. Wright: I will.

Mr. HALL: The honourable member can if he wants to, but I would not mention them, because of the intimidation to which members of some unions are subject if they criticize their leadership. We have, of course, the public example of Mr. Passerini, who wrote a letter to the Editor of the *Advertiser*. That letter was well written and was respectfully written, although it was critical of Mr. Apap of the Storemen and Packers Union. Subsequent to the writing of the letter, Mr. Apap visited Mr. Passerini and threatened to have him deprived of his work. Mr. Passerini has reported that in a subsequent statement he made to the *Advertiser*.

That is typical of why so many unionists do not speak up about these matters, they are fearful of the stand-over tactics of people like Mr. Apap and others who threaten their livelihood in this way. In any case, I want to give a precis on the subject of the Storemen and Packers Union. Of course, I do not pretend to be able to gain everything from 20 pages of information. One knows from involvement with associations that there is much detail and I do not possess it all. I do not apologize for perhaps making an error in a minor detail but I believe



that what I will say is correct in general sense and progress in time.

Mr. Marinoff was made Secretary of the Storemen and Packers Union by election or re-election (I am not sure which) in 1970. He was also elected a Federal Conference delegate. As Secretary he ran the office of that union: he was responsible for the conduct of that office, its affairs, and all its financial arrangements. When the union moved (and this is just an early interesting point) to the new Trades Hall building, it was agreed to purchase office furniture at \$1 200, and Mr. Marinoff said that there was sufficient money to cover that purchase. However, in May, 1972, Mr. Jack Petrie (Federal Secretary of the Storemen and Packers Union) came to Adelaide and told the branch committee, the management, that the union, collectively or in aggregate, owed a debt of about \$7 000.

A substantial part of that debt was due to sustentation fees of about \$3 000 still owing to the Commonwealth office of the union, and \$1 000 was owing to the Victorian branch of the union and fees were owing to the South Australian United Trades and Labor Council. I have also been informed (again as a side issue but still of importance to the general story) that a \$1 levy was collected from South Australian members of the union by shop stewards to help Queensland strikers, but that levy was never sent to them.

At about that time it was recommended, in the face of the tremendous debt hanging over the union's head, that the auditors be changed, and they were changed to Hurford and Company, which was represented by Harry Doyle. At about this time a report was presented in which Harry Doyle indicated that there was no misappropriation and that debts were due to the overspending of union funds.

The debts were so pressing that it was decided to sell the Port Adelaide property to pay them, and the property was sold in 1972 for about \$7 200, which was sufficient to meet the debts outstanding. Late in 1972 certain persons within the union began to suspect that the Secretary was taking funds. It was found that \$107 had been collected from David Jones bulk store by a shop steward who gave receipts for these collections to the members, or, at least, the people who thought they were members.

The shop steward passed that money on to Mr. Marinoff and he had therefore done his job, but the money did not arrive at the head office of the Storemen and Packers Union, and those persons in David Jones bulk store were not members of the union. This is another issue that I consider possibly transcends the misappropriation of funds. People in this community may willingly (let us forget the intimidation) join a union to obtain whatever benefits the union can give them, but in this case the membership for which they paid did not exist.

That is, to me, an extremely serious offence against the rights of individuals in this community, and that is why yesterday I stated publicly that anyone who had joined a union in the past year or so and who had not had (this is an important qualification) a substantive recognition from the head office of the union that he or she was a member should inquire of head office to find out whether he or she was a member. Following the problems that arose here in at least five places, I stand by that warning to unionists in the community. The same position was found at Woolworths (S.A.) Limited, the South Australian Cold Stores, the A.N.I. organization, and Central Wool Facilities Pty. Ltd., and in all places employees had paid their fees for union membership to a shop steward, but the money had not been transmitted by Marinoff to the head office. The books of the union were in such a state that there

was no real accounting, and I will read the auditor's report directly to show that; there was no real accounting and there could not be, but the proven sum unaccounted for at this stage is \$225.

As a result of this, Jack Petrie arrived in Adelaide on January 10, 1973. At about this time, incidentally, Marinoff was warned by Mark Harrison, the well-known Adelaide solicitor, that there was a spy in his office. Marinoff was confronted and made no effort to plead innocence before the branch committee. He asked how would it be if he made restitution, and Petrie told him that it was too late. The initial decision of the committee of management was that Marinoff should resign and make restitution. The auditor (Harry Doyle) attended what I believe was a branch committee meeting and when told of this he said, "You can't call the police in."

Apparently realizing his position, he then apologized and asked permission to make a statement and said that, on his appointment as branch auditor, following the discovery of debts of about \$7 000 against the branch in May, 1972, he had been instructed to conduct an audit of the branch books. He said, "After only a short perusal of these books I said to Jack Petrie, 'There's no doubt that someone is tickling the peter, and we both know who it is.'" He went on to say that if the police were called in many people in the Storemen and Packers Union would be involved and much dirt would be brought to the surface. Harry Doyle went on to say that Marinoff should be dealt with severely but advised that this should be done without police intervention. He said that, on informing Petrie of his findings following his audit, Petrie had instructed him to balance the accounts of the branch with the money available in the bank.

This statement by Harry Doyle was considered by the branch committee, which eventually reverted to its original decision that Marinoff tender his resignation forthwith, and after a complete examination of all shop stewards' books and other documents Marinoff was asked to make full restitution of all missing moneys and told that failure to comply with this direction would result in calling in the police. Petrie then complimented the committee. Marinoff agreed to this course of action and he was allowed officially to resign because of ill health. But a second document was prepared, and it was worded substantially as follows:

That Michael Peter Marinoff does hereby guarantee that following a complete investigation of all shop stewards' books and other documents he will make full restitution of all moneys missing. Failure to comply will mean handing the matter over to the C.I.B.

Both the original documents signed by Marinoff are believed to be locked in the strongroom of the office of Jim Shannon, Secretary of the United Trades and Labor Council, at Trades Hall, South Terrace, Adelaide. After Marinoff's resignation an administrator was sent from Victoria, and eventually Mr. George Apap, from Victoria, was appointed and elected Secretary. Following these events, in about April, 1973, Apap went to the Potato Board to recruit members and found that about four women employees there had previously paid moneys to Marinoff and claimed membership of the union but that they had never been registered by Marinoff and that the money had never been paid into the head office on their behalf, although they had cards signed by Marinoff showing that they had paid the money to him. I believe that this information has never been revealed.

Other items with a doubtful financial background are the furniture, which I believe Marinoff first said was paid for by cash but which was found later to be on hire-purchase, together with other office equipment. There

is also an item of \$400 paid for a dance floor at Trades Hall which I will not develop at this stage as it is only a side issue. In addition, raffle books were found in the office with almost direct evidence that the proceeds of tickets from these books were never paid into the office. A motion was subsequently carried by the management committee that the Marinoff affair be finished with.

The resulting picture, therefore, is one of accounting chaos, and the auditors, in effect, say this. Marinoff resigned officially, although of course he was dismissed; he had no alternative, and he was paid his holiday pay, which was a substantial sum of about \$1 000 less \$226 as restitution in accordance with the accounting which was completed and which showed that much of a deficiency. Of course, the very fact that he accepted \$226 off his otherwise properly and legally claimable holiday pay establishes his guilt to the extent of that sum.

It is a sad story and, as I say, there is much more to it. I do not intend to confuse the House with all the extra details, but there can be no doubt about the corroborated parts that I have cited, and there is no doubt in the industrial community that this happened. No-one can say it did not happen, because everyone knows about it. and I trust the people who have told me about it. As I have said, it creates a difficult situation. I spoke briefly in this House last Thursday, and on that same day George Apap visited the Eudunda Farmers premises on North Terrace, just down the road, and said, "You have to join the Storemen and Packers Union."

The employees said, "No, we are satisfied here; we don't want to join," and Apap said, "If you don't I will penalize all of Eudunda Farmers," and so they joined. What else could they do? However, they are very vocal about it and my advice has been. "Go to your union meetings; get more than 60 out of 2 000 there and throw him out if he uses those intimidatory terms to you, and I hope there will be enough people brave enough to do these things, in spite of the intimidation which is used." I have a strange ally here, namely, the *Tribune* which, although it refers to a case to which I do not wish to refer because I can in no way substantiate it, refers also to the present situation and the argument about union administrators. It states:

At the same time, *Tribune* considers that these matters should be handled by the workers themselves. We do not join with the Liberal Movement Leader Steele Hall in using inadequacies amongst the leadership of some unions to justify further interference and control by the State apparatus into the union movement.

It is obvious that even the extreme left wing recognizes the inadequacies that exist; it just wants them handled in a different way. In the Marinoff way? Is that the way to do it? I have further copies of letters and union communications, one of which refers to the sum of \$8 000. I believe that this letter would be on Jack Petrie's file, wherever he has his office. It states:

In view of the situation that has arisen in the South Australian branch of the union, it is my desire to come to Melbourne unbeknown to the Secretary organizer. If by chance you do not agree to this. I have no other alternative but to put this branch into the hands of a receiver and ask police to investigate into the misappropriation of union funds to the extent of nearly \$8 000.

I have a copy of another communication from Mr. Petrie stating that the books were in a continuing and indecipherable mess and that Harry Doyle had been recommended as auditor by Mr. Shannon of the Trades and Labor Council. What is the responsibility of the auditors in this matter? In the Bill I have on the file this matter is dealt with. I have received these complaints, and I am sure I will receive more. Over the weekend, I received many communications from aggrieved unionists. I ask these people to continue to

contact me. for I will continue to reveal malpractice where I find it. I do not believe members can accuse me of taking any side of society in revealing this malpractice. Having dealt with these matters carefully in the House, I can claim immunity from that charge. These auditors bear a responsibility that I believe they have deliberately not discharged in this case. The duties of auditors, as set out in the Companies Act, are many and varied. One provision in the Act sets out clearly that auditors are to reveal to the membership in a report deficiencies in the management of an organization. Section 167b (1) contains the following interesting provision:

An auditor shall not, in the absence of malice on his part, be liable to any action for defamation at the suit of any person in respect of any statement which he makes in the course of his duties as auditor, whether the statement is made orally or in writing.

That clearly sets out that an auditor may speak his mind, so long as he bears no malice in doing so. Therefore, he is not prohibited from revealing the deficiencies or misappropriation of funds that he may find in an association's conduct or books. Section 165 (6) states:

(6) The appointment of a firm as auditor of a company shall be taken to be an appointment of all persons who are members of the firm, whether resident in a State or Territory of the Commonwealth or not, at the date of the appointment.

I have copies of two audits of the books of the Federated Storemen and Packers Union of Australia that I believe are deliberately misleading. The first audit is headed "Federated Storemen and Packers Union of Australia (South Australian Branch), receipts and payments statement for the six months period ended December 31, 1972". As any audit should, it lists several items. Some of these items are peculiar, when compared to an audit conducted six months later, in which the following statement appears:

It is our opinion that:

(1) Internal control procedures covering cash receipts, as laid down, have not been carried out, and accordingly we are unable to state whether the \$16 257 92 of members' contributions credited to the bank account represent all contributions actually collected from members.

(2) Internal control procedures covering cash payments as laid down have not been carried out, viz, that certain withdrawals of union funds have not been correctly authorized, or supervised, nor is there sufficient documentary evidence to substantiate some of the expenditure.

Subject to the foregoing reservations, we report on the transactions as recorded in the union's bank account, viz, that in our opinion the attached statement of receipts and payments for the six months ended December 31, 1972, is properly drawn up and gives a true and fair view of the transactions recorded in the union's bank account.

As instructed, we have not conducted an audit of the union's membership records, assets or liabilities and accordingly do not report thereon.

That is a false report. The auditor says that he does not know whether the contributions of all the members have been paid in, yet at the previous meeting, to which I have referred, Harry Doyle is reported to have said, "You cannot call the police in." He is also reported to have said, after only a short perusal of these books, that there was no doubt that someone was tickling the peter. He gave that audit to all the members of the union. A subsequent audit, dated August 6, 1973, states:

(1) Proper books of account were not kept during the period July to December, 1972.

(2) We were unable to satisfy ourselves that all receipts and payments of the union for the period July-December, 1972, have been correctly recorded.

Subject to these reservations, in our opinion:

The above balance sheet gives a true and fair view . . . That is disgraceful because that auditor knew that there had been embezzlement and misappropriation of funds in that union. I say that that firm (the firm of C J Hurford and Company) should be delicensed. I should like to know how many unions the firm of Mr. Hurford (a member of the Commonwealth House of Representatives) audits.

The Hon. G. T. Virgo: Get out of the sewer.

Mr. HALL: The Minister cannot talk about sewers: he has never seen over the rim. This is a most important matter. If the Minister likes to be more particular, he will acknowledge that the union movement is the base from which members of the Labor Party are drawn into this House.

The Hon. Hugh Hudson. You're a disgrace to your district.

Mr. HALL: I suppose I should sweep all this material under the little counters behind which we sit in this Chamber and not refer to it; perhaps all the unionists would then go to sleep and Mr. Apap could get on, with 60 of his friends attending a meeting. Judging from the Minister's remarks, he does not care.

The Hon. Hugh Hudson: Nonsense.

Mr. HALL: As I have said, this is a matter of great seriousness to the community. The greatest responsibility now rests with the rank and file union membership. While I commend at least one member opposite for the work he has done in recent weeks and months. I believe the greatest responsibility rests with union members to make sure that they attend to their union affairs and rectify the errors that I have cited in the union movement. These depredations on the resources of union members have gone on for too long. I have referred to two other unions whose names I do not wish to use.

Mr. Wright: That's totally unfair.

Mr. HALL. What I have heard is probably correct: the record shows continuing depredations.

Mr. Wright: Name the two.

Mr. HALL: I will not refer to them at the behest of the honourable member, he cannot say that I have not said enough this afternoon. However, I refer to those other two unions to reinforce my assertion that the Industrial Conciliation and Arbitration Act of this State and the relevant Commonwealth laws should be amended, not to be vindictive against innocent people. I wish not to hamper any association but to ensure that every union member is protected from the sort of activity that weakens his position personally and industrially.

The Hon. D. H McKee: What about private enterprise?

Mr. HALL: I have said, for the Minister's benefit, that the Commonwealth Attorney-General is making certain moves regarding private enterprise. Perhaps the Minister of Labour and Industry was not present in the Chamber when I said that. The community does not want a one-sided move to be taken. What I have said has considerable support in the community, as is evidenced by the communications I have received over the weekend. I owe thanks for the information which I have received, but much of which I have not referred to in this Chamber, not to one individual but to many people who have been good enough to come forward and tell of the malpractices that have occurred. I hope that the lead they have given will enable more people to come forward in the same way. I hope this results not in a vindictive search being made but in the law's being amended to ensure that these malpractices do not continue to occur on the industrial front as they have occurred in the past.

The Hon Hugh Hudson: When you leave this Chamber we will be finished with the exercise of libel under privilege.

Mr. HALL: I hope that this Parliament will do something about the libel laws in this State. I should like to see the media able to speak freely regarding the malpractices they believe exist, and I hope the Minister of Education will join with me in a plea to open up the community, thereby enabling a healthy discussion on the subject to take place so that criminals cannot hide under restrictive libel laws.

The Hon. Hugh Hudson: Why not say these things outside the Chamber?

Mr. HALL: The Minister of Education, although he may have been successful in doing so in the past, will not divert me now. A sorry aspect of all these matters is that I believe the management of many unions know of all these facts to which I have referred. Indeed, the Minister of Environment and Conservation knows about the Miscellaneous Workers Union, as does at least one other member. The present management of the Storemen and Packers Union comprises Mr. George Apap as Secretary; Florence Wallace, who is a member of the Parole Board and who was appointed by the Government, as President; Mr. Reg McHugh as Organizer; and Mr. Eric Seydler as Vice-President. Certainly, the President of that union knew this, because she was a member of the branch committee when it all occurred. The responsibility lies heavily on these people to come forward and tell all they know. The responsibility also lies heavily on the Government to come forward and support (even though it may not adopt) what I have said by, say, introducing a Bill. The Government may have better or more innovative ideas regarding what should be done in this respect, and I shall be happy to discuss those ideas if they are presented. Someone must proceed with measures to prevent the recurrence of these events, and that is why I have raised this matter now.

Despite my having said harsh things about the members of the Liberal and Country League in the past (and although I will undoubtedly continue to do so in the future), it would be churlish of me not to thank them for rising in their places today to enable me to move this motion. I hope Government members, particularly the Premier, will not go out into the streets and say that Mr. Hall is on his usual anti-union rampage. If they do, their actions will be recognized by the public for what they are, because enough of the public is aware of what happened last week, as the Premier well knows. The public wants an answer, not a rebuff, to these questions; it wants the facts cleared up, just as I do. Whether this calls for an inquiry on a wider scale, with witnesses, I do not know. However, I will leave that aspect, as it goes into the past and re-opens old sores. I want to prevent what has happened in the past from recurring, and that is why I have raised this matter.

I am sorry that, as a result of the Government's attitude, I was prevented from speaking on this matter last week. I should have thought it would be better if this debate could take place last Wednesday, when the House could have considered a substantive measure, instead of just a presentation of the facts as I have given them. This House has the job before it of studying this issue. Indeed, I hope this will be the beginning of a real study of this issue, because too many freedoms are disappearing in the community. Despite there being so much talk of open Government, one finds that people are being constrained more and

more every day. The general community is being constrained, and members argue in the House about this constraint. However, when that constraint is being applied by what amounts to mobsters (and that is what they would be called in other communities), this House ought to do something about it. Unfortunately, this House has not been responsive in this respect over the years; perhaps this is because this subject has been viewed in an antagonistic Party-political manner.

I refer now to the remarks made by the Minister of Education. Because I shall not be a member of this House for much longer, he will not have me to contend with. I only hope that he will still follow up this issue and that he will examine it and assist any substantive moves that are made to prevent its recurrence. Last week there was much debate on whether or not this matter ought to be aired. Why was that? Why must we argue whether we should even debate such issues? I take full well the point made by the Minister of Education, but in another way: one dare not say these things outside of this Chamber. The media realize this and know what they cannot say not just on this issue but on any other issue about which they may have certain information.

The Hon. Hugh Hudson: You are a self-confessed libeller.

Mr. HALL: The Minister can say what he likes by way of abuse. However, that is a poor argument (and is recognized as such throughout the community) to raise in face of a charge such as the one I have made this afternoon. What I have said this afternoon has been built block by block of logic, and I am certain of the substance of the facts that have been put to me. Although some small point of detail may be slightly incorrect, such a charge will not really affect the validity of my case. The general substance of these matters has been aired and, although the Minister of Transport may laugh, members will see how much longer this use of blatant, bare-faced power will cover the sort of activity that goes on behind his back.

The Hon. D. A. DUNSTAN (Premier and Treasurer): I move:

That Standing Orders be so far suspended as to permit me to reply.

Mr. Hall: Hear, hear! At last!

The SPEAKER: I have counted the House and, there being present an absolute majority of the whole number of members, I accept the motion for suspension of Standing Orders. Is the motion seconded?

The Hon. J. D. CORCORAN: Yes.

Mr. MILLHOUSE (Mitcham): Mr. Speaker, I wish to speak to the motion to suspend Standing Orders. As I understand the motion the Premier has moved, it will allow him to reply to this debate but will not allow any other member to speak. This matter is of grave importance, and I have not for a long time heard any speech listened to with such attention or so quietly by members on both sides. I believe that its gravity justifies allowing not only the Premier to speak in the debate but also other members as well. The member for Adelaide asked, "What about proof?" Obviously, in a matter of this kind it is not possible to do other than what the member for Goyder has done and to state the facts. It will be quite wrong, I suggest to the Premier, if he and he alone is allowed to reply to the debate and for everyone else to be stifled. I will not oppose the suspension if the Premier will give an undertaking to the House that on a subsequent occasion during this session he will allow a

debate on these matters. Nothing could be fairer than that.

The Premier could speak today in reply to the member for Goyder, but we must have the chance to debate these matters this session. If members opposite can show that what has been said by the member for Goyder is wrong, they will have their chance to do that. If other members have matters to raise on the same issue, they may raise them. The way the Premier has worded this motion precludes every member on this side and every member on the Government side, except the Premier, from speaking. I tell him straight that I am not willing to accept this motion and support it unless he gives an undertaking that, in this House this session, members will have a chance to debate these matters, preferably by giving time to discuss the Bill to be introduced by the member for Goyder.

The SPEAKER: Order! I have allowed much latitude, but the honourable member should be speaking to the motion to suspend Standing Orders. The honourable member must confine his remarks to the reasons for such a suspension today, and not refer to something that may happen in future. The honourable member for Mitcham.

Mr. MILLHOUSE: I think I have said enough to make clear the point that I have raised, that is, that this motion allows only the Premier to reply. I believe that we should have, either today or at some other time, the chance to debate these very grave matters, but unless the Premier, when he replies to me as I hope he will—

The Hon. D. A. Dunstan: I cannot reply on the motion.

Mr. MILLHOUSE: —gives me an indication of his attitude to this matter, I shall have no alternative but to vote against this motion, because I believe it is utterly wrong that the House should be muzzled except for the Premier. That is what the motion will mean.

The Hon. D. A. Dunstan: You will have the opportunity in the Supply debate.

The Hon. J. D. CORCORAN (Minister of Works): Mr. Speaker, in supporting—

The SPEAKER: Order! Standing Orders provide that on a motion to suspend Standing Orders only two members may speak. The Premier moved the motion and the member for Mitcham spoke to it. They are the two speakers allowed to speak under Standing Orders, and I have no alternative, after having counted the House to ascertain whether there is an absolute majority of members present, but to put the motion. All those in favour please say "Aye", those against say "No".

Mr. Millhouse: No!

The SPEAKER: As I hear a dissentient voice, a division will be necessary. Ring the bells.

The House divided on the motion:

Ayes (40)—Messrs Allen, Arnold, Becker, Broomhill, Dean Brown, Max Brown, and Burdon, Mrs. Byrne, Messrs. Chapman, Corcoran, Coumbe, Crimes, Duncan, Dunstan (teller), Eastick, Evans, Goldsworthy, Groth, Gunn, Harrison, Hopgood, Hudson, Jennings, Keneally, King, Langley, McAnaney, McKee, McRae, Olson, Payne, Rodda, Russack, Simmons, Slater, Tonkin, Virgo, Wardle, Wells, and Wright.

Noes (6)—Messrs. Blacker, Hall, Mathwin, Millhouse (teller), Nankivell, and Venning.

Majority of 34 for the Ayes

Motion thus carried.

The Hon. D. A. DUNSTAN (Premier and Treasurer): I sat and listened for an hour this afternoon to the member for Goyder making an attack on a whole series of union managements and a series of personal attacks of a grossly

scandalous, defamatory and libellous nature on members of the community who, since he has chosen to make this attack under privilege, have no means of redress in public. He has, on the basis of no evidence whatever except what he states to be his impression and belief, accused a Minister in this House of the felony of misprision of felony. He made, on no evidence whatever, a specific attack on the Minister of Environment and Conservation, an attack that I believe every member ought to resent bitterly. That was scandalous and shameful. But he did not stop at that. He then, on the basis not of sworn evidence but of hearsay, which he admits he could not sustain in the courts to defend his accusation, has brought an accusation of professional incompetence, but, more than that, of professional misconduct against a reputable firm of accountants, every one of whose members is known to members on this side and to most members opposite, and known to be men not only of competence but also of the utmost probity.

I personally reject and resent what the honourable member has done so shamefully in this way. Since the honourable member saw fit to make this a matter of urgency (and apparently it is a matter that immediately affects the public weal of South Australia as a result of recent events, because that is what a motion of urgency in this House requires) I listened to what was the basis of it. He made a vague reference to some alleged misconduct in the Miscellaneous Workers Union some years ago. It was vague and unspecified, and it referred to a former employee of that union. It was just tossed aside, together with the allegation made in relation to the Minister of Environment and Conservation. The honourable member referred to alleged unsatisfactory bookkeeping, or interference with accounts of some kind, unspecified (we do not know what it was), of the former Secretary or Manager in South Australia of the builders labourers federation. The former secretary has been dead about three years, and he is not able to answer from the grave this unspecified allegation now brought up against him.

The Hon. G. T. Virgo: His widow has to live with that scurrilous attack.

The Hon. D. A. DUNSTAN: She does. The honourable member then referred to the current dispute of the A.G.W.A. Why precisely he brought this in as a matter that now requires the intervention of the Government and the Parliament is beyond my understanding, because what has happened in that matter is that the membership has taken certain action as a result of an auditor's report. As a result of that report, material has been put in the hands of the police, who have investigated it, and a charge has been laid. How precisely that now requires the protection of the honourable member for the members of that union I do not know. Those members had the remedies in their hands if they believed them necessary. I do not personally enter into that dispute: it is for the members to decide. They have the remedies in their hands, and they are perfectly capable of taking them.

All these other things were apparently put in for some good measure in order that the honourable member might refer to the events of some period ago in the Storemen and Packers Union, about which he had some allegations to make. No sworn evidence has been tendered to this Parliament on the allegation he makes concerning Mr. Marinoff. I do not profess to know (he matters contained in this allegation (they certainly have not been brought to me), but I would not have thought that, if a union management, after representations to the members, had decided that the best way that it was likely to get some cash back, if it were missing, were to take the action it

did, that would be something to accuse union management about. In fact, it happens in private enterprise every day, as the honourable member well knows. On the basis of that (because the other things he brought in were nothings) he makes this attack on union management, proposes an alteration in the law, and makes some libellous accusations against citizens of probity, all of whom we should respect.

What precisely he proposes in addition to existing remedies is difficult to understand. The unions are required to have audits of their accounts. Their rules provide for it and, in accordance with the Industrial Code, the audited statements must be filed with the Registrar. If there is anything in those auditor's statements that causes the court to raise questions, the court can demand an investigation. In fact, we have in the law as it stands a means for the public to enforce the rules. That does not mean to say that sometimes people may not break them. If that were the case, we would not need any criminal courts in the country.

Mr. Jennings: We would not need a Police Force.

The Hon. D. A. DUNSTAN: That is so. The rules are there, and the means of enforcement of them are there. The remedies are there for the members. If the honourable member knew anything about union rules he would have given proper advice to the people he claims have been to see him. Frankly, what the honourable member is about is not to right a grave and urgent public wrong. He has not shown one this afternoon. I listened to him for an hour and, despite all his blusterings, he could not show one. What he has done is go on a course that he has pursued in this State for years. The honourable member is renowned for a long course of attacks on the principle of unionism and on union management. He has done it far more than has any member of this House. Constantly in relation to union disputes he has condemned the unions even where the court has subsequently held that the unionists were right. Never has he been found to condemn employers in any dispute. I have compiled a list of the history of the honourable member's attitude on matters of this kind and I propose to read it to honourable members. On May 12, 1970, on the eve of his facing defeat as Premier of this State, he condemned the cement workers' strike as irresponsible. The court did not find that it was, as a matter of fact, but the Deputy Leader of the honourable member's Party also condemned the union as being unreasonable.

On July 28 of that year, the honourable member said he was against compulsory unionism. On October 14 he moved to censure the Minister of Transport, likening the Minister's support of preference to unionists as a dictatorial use of power. On November 18, when we had probably the best record that this country has ever had in industrial peace, the honourable member said that industrial unrest posed a threat to Australia's whole economy and that militant action would destroy our existing capacity. He said this was a crisis for Australia and that the trade union movement had lost control of argument.

On March 18, 1971, he said that the industrial scene was in a state of deterioration and urged the Government to prevent black bans by unions. On April 6 of that year he said that the industrial position was deteriorating. According to him, it has been continually getting worse. He also accused the Australian Council of Trade Unions of making a secret agreement with retailers to enforce compulsory unionism. He said that employees were being browbeaten by industrial leaders.

On June 26 of that year he said that South Australia had been putting on a bad industrial face by presenting

a picture of industrial discord and disruption. He said that at a time when the time lost in industrial disputes in South Australia was one-third of the Australian average and less than the time lost in any other State. On July 14 of that year he called for the resignation of the Government over intimidation of employees by union officials. On that date he also said that unionists deprived others of their basic human rights and that workers were being dragooned, frightened and threatened. He was then attacking the Transport Workers Union.

On July 22 of that year he said that industries were moving to other States because of industrial disruption. That was quite untrue. On that date he also accused the State Secretary of the Transport Workers Union of grossly misrepresenting the cause of a strike, and on July 27 he said bus operators were being intimidated by unions. On August 5 of the same year he said that any possible action by trade unions to curtail trade with South Africa should itself be curtailed. Also on August 5 he blamed the unions for the Uniroyal dispute, even though when that dispute was settled the workers got a substantial improvement.

On August 25 he called for secret ballots concerning decisions on strikes, and on October 13 he moved for the introduction of secret ballots in unions and quoted street interviews in support. That was about as much evidence as he has presented today! On October 15 he stated in a speech in Melbourne that Australia would be governed by unions if Labor won the Commonwealth election that was then forthcoming.

Mr. Nankivell: Is that so?

The Hon. D. A. DUNSTAN: No, it is not. On November 23 the member for Goyder condemned support by the Government of industrial disruption because we did not take dire action against the meat trades union over the Gepps Cross abattoir dispute. He said that the Gepps Cross abattoir had been taken over by a few power-hungry people involved in union management who were directing their men against common sense.

Of course, since then we have had worker participation at the Gepps Cross abattoir, and that has now induced the best labour relations in any plant in this State, but we would not have got any peace if we had taken the action that the honourable member advocated in his statements against trade unions. On June 16, 1972, the honourable member said that the Trades and Labor Council was attempting to strip away the protection of the law from anyone who stood against it, and he said that the council was openly challenging the courts. On September 12 of that year he accused the Ship Painters and Dockers Union of receiving unofficial payments and of attacking people with iron bars and rubber hoses.

On October 4 he accused the builders labourers union of compelling workers to join a union by saying that members would not work with people who did not join the union. On November 12 he accused people of actively discouraging overtime during the week so that overtime could be worked all the weekend at much higher rates of pay. On November 14 of that year he said that the unions' attitude had brought Adelaide Ship Construction to its knees regarding tenders and orders that it no longer received. The honourable member made that statement at a time when an agreement had been achieved between Adelaide Ship Construction and the metal trades employees union that was a significant advance in union relations with management in this State.

On December 13, 1972, the honourable member said that the Labor Party supported conscription for union membership. On January 4, 1973, he said that Australian

industry was in grave danger because of a ban on United States ships. On November 1, 1973, he said that we were totally to blame for our part in the petrol strike, and he called the President of the Australian Council of Trade Unions the most partisan person in Australia that could be selected to be a conciliator.

That is the sort of thing that has gone on. I have a small dossier here on the matter. The honourable member has a long history of attacks on union management, membership and support, and he believes that he can use this to political advantage to get him a headline. It was for that purpose, and that purpose only, that last week he tried to set aside the normal processes of this House to raise this matter, which was not one of urgency. He knew that he would have other times to raise it. Supply Bills will be introduced during this session and he will have ample opportunity to speak then.

There is no reason why the honourable member should be silent in this House but, of course, there is no reason why he should be given preference over other members and given pre-eminence to bring on a matter about which he has brought such little evidence today and which has not been proved to be urgent. He did not raise the matter last week in order to have it dealt with: he raised it in order to have it refused and to get a headline. The whole of this shabby business this afternoon of coming here with no proper evidence and of making accusations under privilege, which no member of Parliament should do, should not have happened.

What the honourable member has done, including the libelling of people who have every reason to expect from this Parliament respect for their rights as citizens, has not been done to obtain any lights for union members. They have their remedies now, and those remedies are clear and can be very effective. What the honourable member has done is part of the Senate election campaign, and he does not mind how low he gets or how many people he traduces to advance his own cause for the Senate.

The SPEAKER: Call on the business of the day.

#### STATUTES AMENDMENT (JUDGES' SALARIES) BILL

The Hon. L. J. KING (Attorney-General) obtained leave and introduced a Bill for an Act to amend the Supreme Court Act, 1935-1972; the Industrial Conciliation and Arbitration Act, 1972; the Local and District Criminal Courts Act, 1926-1972; and the Licensing Act, 1967-1973. Read a first time.

The Hon L. J. KING: I move:

*That this Bill be now read a second time.*

It adjusts, with effect from January 1, 1974, the salaries payable to the honourable the Chief Justice, Their Honours the judges of the Supreme Court, the President and Deputy Presidents of the Industrial Court, the Senior Judge and judges of the Local and District Criminal Court, and the Chairman and Deputy Chairman of the Licensing Court. The salaries payable to the occupants of these offices were last adjusted by the Statutes Amendment (Judges' Salaries) Act, 1972.

Since that adjustment the Government has had regard to actual and projected movements in salaries payable in respect of comparable judicial offices in Victoria and New South Wales. This practice is, it is suggested, soundly based since in most, if not all, respects the duties, levels of responsibility and skills required in relation to comparable judicial offices are the same wherever the particular office is situated. The adjustment proposed takes the form of the increases specified in the relevant clauses of the Bill.

The arguments in support of fixing appropriate salaries for persons holding judicial office have been so frequently

canvassed in this House that it seems almost unnecessary to repeat them here. However, I would once again remind honourable members that if judicial salaries at their various levels are not such as to attract from the legal profession persons of the highest competence the consequential effect on the administration of justice will be a most serious one. I think it is acknowledged by all that this State has been, and is being, well served by a judiciary justly held in high regard. Not the least of the reasons for this regard is that it has been possible to secure the services of persons of considerable ability to serve in these most important offices.

Clauses 1, 2 and 3 are formal. Clause 4 amends section 12 of the Supreme Court Act and varies the salary of the Chief Justice from \$28 200 to \$37 000 and that of the puisne judges from \$25 750 to \$33 000. Clause 5 is formal. Clause 6 amends section 11 of the Industrial Conciliation and Arbitration Act and varies the salary of the President of the Industrial Court from \$25 750 to \$33 000 and that of the Deputy Presidents from \$20 200 to \$26 000. Clause 7 is formal.

Clause 8 amends section 5e of the Local and District Criminal Courts Act and varies the salary of the Senior Judge from \$22 000 to \$28 500 and that of the judges from \$20 200 to \$26 000. Clause 9 is formal. Clause 10 amends section 5 of the Licensing Act and varies the salary of the Chairman of the Licensing Court from \$20 200 to \$26 000 and that of the Deputy Chairman from \$18 400 to \$23 500.

Mr. CUMBE secured the adjournment of the debate.

#### TRANSPLANTATION OF HUMAN TISSUE BILL

The Hon. L. J. KING (Attorney-General) obtained leave and introduced a Bill for an Act to make provision for the removal of human tissues for therapeutic use; to amend the Anatomy Act, 1884-1954; and for other purposes. Read a first time.

The Hon. L. J. KING: I move:

*That this Bill be now read a second time.*

It is a Bill for a new Act designed to carry into effect the recommendations made by the Law Reform Committee in its thirteenth report. The last few years have witnessed a dramatic increase in the successful transplantation of human tissue. The corneal graft and kidney transplant are well-established forms of treatment, and it now seems likely that the successful transplantation of other human tissues and organs will also become a common and effective medical treatment. However, the success of human tissue transplantation has engendered a world-wide concern in relation to the legal and moral issues that attend the removal of human tissue. Many Legislatures have either enacted, or are currently considering, legislation dealing with the subject. Perhaps the most contentious of the issues is the question of defining the point at which death occurs.

Concern has been expressed that a medical practitioner, in undertaking the urgent treatment of a potentially healthy donee, may be tempted to pronounce the life of the donor extinct earlier than is proper and may fail to carry out all the resuscitative measures normally taken even in the most hopeless cases. However, the Government accepts the advice of the Law Reform Committee that this complex and delicate question is a question of fact to be decided according to the circumstances of each individual case. The Bill requires the medical practitioner undertaking the removal of human tissues to satisfy himself upon personal examination of the body that life is extinct before he commences the removal of tissues. It refrains from laying down rigid criteria for the determination of that question.

The second major issue is the question of consent, both on the part of the donor himself and of his family, and it is this problem that gives rise to the present Bill. The historical legal background is set out by David W. Louisell in the *Northwestern University Law Review*:

Originally in England the ecclesiastical courts exercised jurisdiction over matters concerning dead bodies. Lord Coke, recognizing such jurisdiction, said that matters were not within the cognizance of common law courts. The common law began to take jurisdiction of religious offences during the latter part of the 17th century. At that time, the concept was accepted that there were no property rights in dead bodies—that a corpse was *res nullius*. But the common law did develop a right of possession of the body for purposes of burial. Whether this is a property right is a matter of definition; in modern terminology it certainly seems to be at least a qualified property right. The most important fact for our purposes is that the present common law in England and the United States, except as modified by Statute, holds that the light of possession for purposes of burial generally belongs to the surviving spouse, children and next of kin in that order. Furthermore, this general right to possession includes the right to receive the body in the same condition as when death occurred. Damages can be recovered from anyone who performs an unauthorized autopsy on the body, mutilates or dissects it, or removes or retains any portion without consent.

In the absence of special legislation, it at least remains doubtful whether a person has authority to provide for disposition of his organs after death. Dicta in some cases do suggest that an individual has such an interest in his own body after death as to be able to make a valid testamentary disposition of it. This appears to be reasonable in light of the fact that a decedent may direct that his body be cremated. If he may direct that his body be immediately destroyed, why should he not be able to direct that it be put to beneficial use? Without special legislation authorizing testamentary disposition of the donor's body, however, the physician would be best advised to obtain the consent of those entitled to the body before he proceeds to remove an organ. Once such permission is obtained, the person granting it is estopped to bring an action and it appears no-one else has standing to do so. There is little authority in this area, but consent should insulate the physician from liability.

Because of the doubts that exist on this subject, amendments were made in this State to the Anatomy Act, first with regard to corneal grafts only, then later with regard to human tissue transplants generally. The Bill does not significantly deviate in substance from the provisions of the Anatomy Act but does add some refinements suggested by the Law Reform Committee. The Government feels that the matter should be the subject of a separate and distinct Act and should be regulated to the desired extent as soon as possible, in view of the steadily increasing number of voluntary donors.

Broadly speaking, the Bill provides for the making of direct donations and the establishment of a registry for that purpose, and further provides for authorized removal of tissue where the donor has not made a direct donation, but neither he, nor a surviving close relative, objected or objects to the removal of tissue. The Bill attempts to maintain the very delicate balance between the wishes of the donor, the feelings of the donor's relatives and the public interest which requires the constant availability of human tissues for the purpose of transplantation and other therapeutic uses.

Clauses 1 and 2 are formal. Clause 3 repeals those sections of the Anatomy Act, 1884-1954, that deal with the removal of human tissue for therapeutic use. Clause 4 provides that a prescribed authority may authorize the removal of part of a body for therapeutic use where the deceased person during his lifetime expressed a desire that his body, or part of his body, be used for that purpose after his death. Such a wish may be made in writing or

orally in the presence of two or more witnesses The prescribed authority may make a similar authorization where, after reasonable inquiry, it has no reason to believe that the deceased person ever raised any objection to his body being used in such a manner. The authority must in this case make reasonable inquiries whether the spouse of the deceased person objects to the removal of tissue or, if there is no surviving spouse or his or her views are not readily ascertainable, whether any of the surviving relatives of the deceased objects. The medical practitioner removing tissue must personally examine the body and satisfy himself that life is extinct.

If the prescribed authority has reason to believe that a body may be the subject of an inquest or that it may furnish evidence for criminal proceedings, the consent of the City Coroner must be obtained before the removal of any tissue from that body. The Coroner may attach any conditions he thinks proper to any consent given by him. A prescribed authority is the person having the control and management of the hospital where the body is lying (or the person or committee to whom the powers under this section are delegated) or, in any other case, the person lawfully in possession of the body (excluding funeral directors, and so on). Clause 5 enables the Governor to make regulations. In particular, the regulations may provide a form in which anatomical gifts may be made, and provide for the establishment of a registry in which evidence of anatomical gifts may be accumulated.

Dr. TONKIN secured the adjournment of the debate.

#### **LAND VALUERS LICENSING ACT AMENDMENT BILL**

The Hon. L. J. KING (Attorney-General) obtained leave and introduced a Bill for an Act to amend the Land Valuers Licensing Act, 1969. Read a first time.

The Hon. L. J. KING: I move:

*That this Bill be now read a second time.*

Its purpose is to cure two minor anomalies in the Land Valuers Licensing Act. First, the Act as it stands does not deal adequately with the case of a licensee who fails to renew his licence on time or for some reason lets it lapse for a couple of years. In both these cases the applicant must submit to examination before he may be granted a fresh licence. This seems unnecessary where the period for which the licence lapses is relatively short. The Bill therefore provides for the re-issue of a licence, without examination, where the licence has lapsed for no longer than five years. Secondly, some questions have been raised regarding the right of a licensed valuer to employ unqualified assistants. This right may, perhaps, seem clearly established as the Act prevents only an unlicensed person from carrying on business, or holding himself out, as a valuer. However, as the matter is of importance to students who must have four years practical experience as valuers' assistants before qualifying for licensing, the Bill places the matter beyond doubt.

I now consider the clauses of the Bill in detail. Clause 1 is formal. Clause 2 enables the board to grant a licence to a person who has previously held a licence under the principal Act within the preceding five years (the board must still of course satisfy itself as to the good character and the competence of the applicant). Clause 3 ensures that a person may work as an assistant to a licensed valuer without thereby infringing any provision of the Act.

Mr. EVANS secured the adjournment of the debate.

#### **SUPERANNUATION (TRANSITIONAL PROVISIONS) BILL**

In Committee.

(Continued from February 21. Page 2144.)

Clause 3—"Interpretation."

The Hon. D. A. DUNSTAN (Premier and Treasurer). The answer to the Leader's previous question is that people at 64 years of age do not pay contributions.

Dr EASTICK (Leader of the Opposition): I accept the Premier's reply, which highlights the point made earlier that members are being asked to examine matters regarding legislation that will be introduced later. Although I accept the responsibility for examining this measure now so that the computer can be programmed, I point out that it will be unfortunate if Parliament has to pre-consider measures of which members have had no notice.

Clause passed.

Clause 4 passed.

Clause 5—"Elections to make certain additional payments."

The Hon. D A. DUNSTAN: I move:

In subclause (1) after "1974" to insert "or within such further time as the board allows"; and in subclause (2), after "board", to insert "on or before the thirty-first day of March, 1974, or within such further time as the board allows".

These amendments arise from a request to the Government to make clear that the board has power to extend the time for the making of an election under this clause. In *fact*, provision for a general extension of time for the making of an election is included in the proposed new Bill. I expect to introduce the Bill next week; I will then leave it on the Notice Paper for a week to enable people, including members of the Superannuation Federation, to examine it. The Government is willing to make such an amendment in this measure so as to make it clear on the face of it. However, contributors should be aware that the board's power to extend the time will generally be exercised only in circumstances where the failure to make the election was occasioned by some matter beyond the control of the contributor. Contributors are therefore advised to return their election forms as soon as possible after they receive them.

Dr. EASTICK: These are reasonable amendments I hope the provision will not be used many times and that those who benefit from it will accept their responsibilities in this regard. No person must be denied his just lights, and the amendments ensure that that will not happen.

Amendments carried; clause as amended passed.

Clauses 6 and 7 passed.

Clause 8—"Certain prescribed contributors."

The Hon. D. A. DUNSTAN: I ask the Committee to vote against this clause. Since it was introduced, it has been brought to the attention of the Government that the operation of this clause may, in certain circumstances, cause hardship to some prescribed contributors. For this reason it is not now desired to proceed with it.

Clause negatived.

Clause 9—"Contributor may withdraw from the fund "

The Hon. D A. DUNSTAN: I move:

In subclause (1), after "1974", to insert "or within such further time as the board allows,".

This amendment permits the board, in appropriate circumstances, to extend the time for making an election to withdraw from the fund.

Mr. MILLHOUSE: I watched to see whether anyone else on this side of the Chamber would get up to speak, but no-one did. I have not the faintest idea what the



formula in subclause (3) means or how it is arrived at. I believe that this Committee is entitled to some sort of explanation. All I can find in the second reading explanation is the following:

Clause 9 entitles any present contributor to withdraw from the present scheme, and if he does so he is entitled to a refund of his previous contributions to the fund, together with interest calculated in accordance with the formula set out in this clause.

So far as I know, the Leader of the Opposition did not refer to this when he supported the Bill. Obviously the Government does not really know what it is doing, and it is an insult to the Committee to insert a formula like that in subclause (3) which not one of the 47 members could possibly understand, and not the slightest explanation of it has been given to members. I suppose it will go through, but it is this sort of thing which, first, brings Parliament into ridicule in the community and, secondly, gives members a sense of absolute frustration as they try to understand the machinery of Government and the activities of the Government generally. We are going to pass this provision blithely without knowing what it is all about. I wonder whether the Premier can tell me the meaning of the following formula:

$$A = (TC[1 + .03(N - 5)]) - (P).$$

The Hon. D. A. DUNSTAN: It means that the contributor gets back his contributions according to his years of contribution plus about 3 per cent compound interest.

Mr. MILLHOUSE: Why did the Premier not give that explanation in his second reading speech, so that members might know what was going on, instead of treating us with ignore? How is that formula arrived at?

The Hon. D. A. DUNSTAN: Frankly, I have relied on the mathematicians in my office to tell me that that is precisely how it works out. I confess that mathematics was never my strong point. It is necessary, in drafting, to arrive at a formula, and I am satisfied that inserting a formula is the simplest way of getting a result. If the same meaning was conveyed in words, the provision would have to be very lengthy. A formula is a simple way of providing people with a means of getting a calculation, and I am told by people whose expertise I respect that this formula gives effective expression to the policy I have outlined. I admit that I have taken advice, as I take other expert advice from people who ought to know. In the Public Service many people are very good, particularly when it comes to a matter of their own remuneration, at checking out such calculations as these, and they are satisfied.

Mr. MILLHOUSE: I will not press this, but the Premier's explanation underlines the point I wish to make, that we are making ourselves ridiculous, as a result of even the Premier himself not understanding what he is putting before the Committee and the members being blithely willing to accept it. The Premier explained that this formula means that, a contributor gets back his contributions plus 3 per cent compound interest. Why could that not have been said, instead of inserting a gobbledegook formula?

The Hon. D. A. DUNSTAN: It does not mean exactly that, because there are slight variations as a result of other elements being involved, which have to be taken into account.

Amendment earned; clause as amended passed  
New clause 10—"Reserve units."

The Hon. D. A. DUNSTAN: I move to insert the following new clause:

10. On and after the commencement of this Act, section 49 of the Superannuation Act, 1969-1973, shall apply and have effect as if the passage "for a period in excess of five

years" were omitted from subsection (1) of that section. This new clause is inserted following representations to the Government. It will enable contributors who have contributed for reserve units to recover their contributions, notwithstanding that they have not been contributing for those units for a period in excess of five years. As the present Act stands, recovery is not possible until the contributory period of five years has elapsed. However, as reserve units will no longer be part of the pension scene, as it were, it is thought appropriate that all contributions for these units be recoverable forthwith.

New clause inserted.

Title passed.

Bill read a third time and passed.

## STATE GOVERNMENT INSURANCE COMMISSION ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from February 20. Page 2133.)

Mr. NANKIVELL (Mallee): When the Treasurer introduced the original Bill in 1970, he said:

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

The Government has received complaints, most of which are concerned with the comprehensive motor vehicle and personal accident and sickness insurance fields. It is generally true that satisfactory service has been given to the public in fire and household insurance. However, in order to set a standard of service in the fields in which complaints are made, it is necessary for an insurance office to cover other profitable avenues of business.

Mr. Coumbe: When was that said?

Mr. NANKIVELL: On July 29, 1970, when the Treasurer introduced the Bill. If we consider the Bill, we can see that it excluded all reference to the State Government Insurance Commission's entering into life insurance business. However, the proposed amendments strike out the words that exclude the entrance of the commission into life insurance business, so that not only do the amendments give the commission the right to enter this field but also it is given special provisions that are not available to other operating companies I will deal with that aspect later. In the Committee stages of the Bill introduced in 1970 the Treasurer stated:

The reason for our excluding life insurance basically was that we had an investigation made into the profitability of various forms of insurance in offices of medium size. A Government insurance office would be an office of medium size (not the smallest, but certainly not the largest), . . .

I interpolate by saying that this is a most inefficient office when one considers it from the point of view of persons employed and the cost of operation compared to its premium revenue. According to the Auditor-General, 71 persons are employed in the office, which costs \$418 000 to operate and which deals with a premium income of just over \$3 000 000: perhaps that income puts the office into a medium class, but, as the Auditor-General has pointed out, in every class of office there is a need to consider critically the way the office is being administered, particularly with respect to the staff. The Treasurer further stated:

. . . and it is not possible for an office of medium size to compete effectively in the life insurance field because, in

this field particularly, the economies of scale are enormously important.

The point I am making is that there have been no economies of scale, and the present commission seems to know nothing about it, if the Auditor-General is to be believed. The Treasurer continued:

If one has a large-scale office, one is able to offer competitively far better benefits than can be offered through a small office. Quite different considerations arise in relation to other forms of insurance. In addition, we are not so concerned about the standard of service in the life insurance field:

I emphasize that comment by the Treasurer in *Hansard* of August 5, 1970. The Treasurer continued:

... this is a competitive area, given the large companies operating here, and it is under the control of Commonwealth Government legislation.

Here, the Treasurer was referring to life insurance as it existed in public companies. He continued:

Different matters arise there from those relating to the rest of the business that we are interested in having a State insurance office deal with. The only reason why originally we had included life insurance was that it was considered that there was an advantage in some policy areas of having people, who were insuring with the Government insurance office, able to take up life insurance in the same office but, frankly, those advantages were minimal as against the difficulty that we would face in being able to compete adequately with the terms of life insurance offered by the larger offices

Mr Coumbe: Is that what the Treasurer said?

Mr. NANKIVELL: Yes. On August 5, 1970. The Treasurer's statement continues:

In consequence, we decided that there were advantages in excluding life insurance, and we have no intention of altering that view.

The Treasurer said, "We have no intention of altering that view", but last week an amending Bill was presented to the House, in the second reading explanation of which the Treasurer stated:

Members will recall that the principal Act, the State Government Insurance Commission Act, 1970, in its terms precluded the commission from undertaking the business of life insurance. The Government has now received a recommendation from the commission that it be permitted to enter that field of insurance. In making its recommendation, the commission has taken into account, amongst other things, the fact that (a) there is a growing tendency on the part of insurers in this State to offer a complete insurance service (that is, one covering general and life insurance) and any insurer obliged to confine itself to only one aspect is likely to find its ability to give complete service to its customers somewhat restricted; and (b) the creation of a fund from life insurance premiums paid to the commission will, in time, generate a considerable amount of moneys available for investment in both the Government and the private sectors of the State.

The time factor is interesting, but it has not been referred to. I am told by people involved in this industry that "time" means that it is at least 20 years before a life insurance company is able to build up the reserves it needs to administer satisfactorily a life insurance agency of this kind. Apparently, the Treasurer was referring to the short term, because he stated:

... the creation of a fund from life insurance premiums paid to the commission will, in time, generate a considerable amount of moneys available for investment in both the Government and the private sectors of the State. These comments are all very interesting, as it is only about three years ago that the Treasurer said the commission would not in any circumstances enter the life insurance field. The State Government Insurance Commission is running at a loss at this stage, although one must accept that such an enterprise must show an initial loss. The loss was about \$894 000 to the end of June last year, and this year it has

shown a continuing loss of \$221 000 to December 31 last. A very profitable enterprise! It is guaranteed by the Treasurer from the Consolidated Revenue of the State. Now, we are being asked to expand further the activities of the commission into another area in which it will also take considerable time for the commission to build up adequate reserves and which must be unprofitable for a continuing period.

We have been given no justification for this action except the reasons set out by the commission and, therefore, I ask the Treasurer to table in the House the recommendation made by the commission so that we can see why this Government is justified in changing its policy within the short time of three years. Having asked for substantive evidence for such a change in attitude, and having asked for the commission's recommendation to be tabled so that members will have that information before them in order to discuss and consider adequately this matter in the light of the change in Government thinking, I suggest that there are several valid reasons for the State not becoming involved in this type of insurance. One aspect concerns me: no State life insurance is subject to the protection of the Commonwealth Life Assurance Act, 1945, nor does it come under the scrutiny of the Commonwealth commissioner who is, I am told, an active and vigorous person.

Since 1970, only 121 complaints and inquiries have been made about existing life insurance companies, and these were mostly of a simple nature, 55 being classified as requests for information regarding insurance or insurance companies, and seven as miscellaneous. The companies presently operating are doing so under strict controls—under a Commonwealth Act, under a commissioner, and with strict controls over the investment of their money and the handling of their affairs

Mr. Payne: All they give back is 45 per cent of your money after four years. That is in the Act.

Mr NANKIVELL: I point out to the honourable member that, with very few exceptions, the existing companies are co-operatives. With the exception of the Mutual Life and Citizens Company, the other large companies covering the major share of life insurance are co-operatives, bound to return to their shareholders and policy-holders the profits of their operations. Even the M.L.C., the one exception, retains only a small percentage of its profits; the balance is distributed to the policy-holders within the company. The companies are run for the benefit of the policy-holders, not for the benefit of private enterprise. On the other hand, the commission is to be run for the benefit of the State, and not for the benefit of the policy-holders, or, as the member for Chaffey reminds me, for the benefit of the Government to help it implement some of the policies which presently it cannot find the Loan resources to undertake.

Such a company cannot quickly make a profit, nor can it be quickly an effective company, because it has been established actuarially that the building up of the necessary funds to safeguard policy-holders takes at least 20 years. Not only does the policy-holder lack the protection of the Commonwealth Act: he does not have his investments lodged according to the provisions of that Act. Being a State exercise, and not being involved in Commonwealth legislation, it is not obliged to invest on the 30/20 basis, nor will it be obliged to subscribe an additional 10 per cent if the Commonwealth Government's Australian Industry Development Corporation legislation goes through. The funds can be used exclusively for the State or for the Government.

The Bill provides for money to be invested as directed by the Treasurer. It is interesting to note that two

Government insurance companies operate successfully in Australia. One has operated in Queensland since 1916 and one in New South Wales since 1926. Both companies are operating profitably because they have had time to build up their reserves and their background securities to protect their policy-holders. Page 30 of the annual report of the Government Insurance Office of New South Wales contains a handsome list of private investments undertaken by that company. It does not say that the company was directed by the Treasurer to do that, but it is implied that this was done by direction of the administrative board responsible for looking after the funds on behalf of the people who have investments with the company. The Government has not, in any of the statements by the Treasurer introducing either the original Bill or this amending legislation, shown where the existing companies have fallen down; in fact, the Treasurer has paid them a compliment by saying they are efficient. They must be, of course, because they are competitive; they are big companies, and therefore they work in the interests of the policy-holders. The present system provides an efficient and comprehensive service in this State through the city and country offices of the existing 40-odd companies in Australia, 37 of which operate in South Australia.

We must not overlook the cost to the taxpayer of the establishment of this new office. It will require a business manager with highly specialized knowledge, because this is a highly specialized profession, and it will need expert actuarial advice. Although we have a State Actuary, whose services probably would be available free of charge, when I inquired whether an actuarial investigation of this proposition had been made I was told that the work had been done in New South Wales. That is another reason why I would like to see all the information tabled here. We have been denied much detail in the information presented to us; such detail is necessary if we are to be persuaded that there is any virtue (and I do not think there is) in proceeding with this legislation.

In addition to specialist management and actuarial advice, the company should have specialists in investment, but under this legislation everything goes into the Treasury. The money can be used as long-term "never never" finance. What the Treasurer is paid, he can spend, and he will take that out of Consolidated Revenue in future. We have seen what has happened with trust funds; we had some experience of that with the Walsh Government.

The recruitment of the necessary trained personnel would not be easy and could be done only by making inroads into the personnel of existing companies, because such highly qualified professional people are not readily available. The employment of these people in what must be initially an unprofitable exercise will place a tremendous burden on the taxpayers, who have already had to foot the bill for the company set up in 1970. A new life office cannot be self-supporting for many years. Government funds would be required if this State office were to establish and maintain the necessary reserves; such funds could be better applied in other fields of public interest, such as education, social welfare, health, and doing something about the hospital at Glenside. The Government has put away \$2 000 000 for buses, but it has no money for health matters. No matter—we will generate funds from the huge profits we are going to make from the insurance office!

No valid argument has been put forward to persuade me or the members of my Party to support the principle behind this legislation. However, I want to talk about some of the things that I believe may have prompted the commission

to take this step and make this recommendation now. These are referred to in the annual report of the South Australian commission and the annual report of the New South Wales State Government Insurance Office. In his report the South Australian Manager (Mr. Gillen) states:

National rehabilitation and compensation scheme: the scheme proposed by the Australian Government has caused concern within the industry. If the scheme which is eventually introduced provides compensation for victims of all accidents, however caused and wherever occurring, the insurance industry will be deprived of compulsory third party bodily injury, workmen's compensation and some other classes of accident and liability insurance, resulting in a substantial loss of premium income. The loss of future business may not be so unpalatable in view of current claims experience in these fields—

he is quite right: the current claims experience of the State office shows that everyone must be operating at a loss—

but the sudden loss of premium income will test the adequacy of reserves as outstanding claims are settled over the ensuing five years. In view of the preponderance of compulsory third party bodily injury insurance in the commission's overall portfolio—

bless my heart and soul, what do they do in the Motor Vehicles Department: go and canvass for it and then complain about getting it—I ask you—

the introduction of the scheme would result in a substantial diminution of the commission's total business. Whilst accepting a public responsibility to underwrite for the time being both compulsory third party bodily injury and workmen's compensation insurance, the commission has concentrated its efforts upon obtaining new business in other classes of insurance as a sound basis for carrying on in the future without these two departments.

It is interesting to read how the commission has attempted to get the extra business, but it has failed to get in the volume it said it would. The report continues:

The commission found that its competitors were allowing substantial agency commission to obtain business and in March, 1973, further reduced its premium rates for householder's and houseowner's insurance to tariff market rates less 25 per cent. In accordance with its policy of direct premium benefit to consumers, the commission does not employ agents and is thus able to pass direct to its clients the equivalent of the commission that other insurers pay for procurement of business.

My inquiries have shown that one is darned lucky to get 10 per cent, not 25 per cent, and that not 25 per cent but 40 per cent has been offered to try to get business in fire, general and the more lucrative areas of insurance. However, that has not been extraordinarily successful. I am a little concerned about the various aspects of the present operation of the State Government Insurance Commission that I have outlined. I do not believe the commission has been successful in attracting profitable business, notwithstanding the discounts it has offered it cannot be said that it did not want unprofitable business, as it has gone out and sought it by canvassing at the Motor Vehicles Department for compulsory third party insurance. Now that the magnificent legislation has passed this House (and regulations will be promulgated to straighten the matter out), the commission will also have a fair share of workmen's compensation business.

I was amazed to learn that yesterday the Premier told a deputation that there was no reason or justification for workmen's compensation premiums to be increased by more than 9 per cent. He said that he would get the commission to do something about it. Yet, by the legislation enacted in this place (and I do not say that was wrong), the amount of compensation payable has doubled, with the period involved unlimited. In those circumstances it is absurd to say that the increase should not be more than 9 per cent. In Queensland, there is a monopoly situation,

because it is compulsory that workmen's compensation insurance be taken out with the State office. The rates are fixed, with a 26 weeks cover of unlimited payment. In New South Wales, there is provision for 26 weeks cover of limited compensation, with a special provision for additional insurance to be taken out to bring the worker's income up to his normal wage. I am not criticizing the legislation that this House dealt with last year; all I am doing is comparing the position in the various States. I believe that we will bring on our commission some of the problems that the other companies have faced. In fact, I believe that the whole of workmen's compensation insurance could well be attracted to the State commission. Of course, this is probably one of the matters worrying the commission. Although it expresses concern about the national health and rehabilitation scheme, it rather hopes indirectly that such a scheme comes into effect.

Mr. Coumbe: You mean the Woodhouse report?

Mr. NANKIVELL: Yes. The Deputy Leader correctly refers to the Woodhouse report, which is the basis of the Commonwealth proposals. He may be interested to know that the annual report of the New South Wales Government Insurance Office also deals rather extensively with the matter of workmen's compensation. This report expresses concern about the introduction of one most important aspect of legislation that I understand has already been drafted by the Commonwealth Government. At page 11, this report states:

In the event that the compensating of injured workers is to be absorbed within a national scheme licensed insurers will be left to run off claims incomplete at the time such scheme becomes operative without a continuing premium cash flow. All available information points to a substantial inadequacy in the amount of provisions held by licensed insurers to meet the run-off of claims at existing level of benefits. It is beyond doubt that current prescribed maximum premiums are inadequate to absorb the present cost of current claims with sufficient margin to make good the short-fall in provisions. It is essential therefore that any national scheme be so devised as to assume responsibility for the additional cost of benefits which may be increased to apply to claims continuing beyond the commencement date of the scheme.

Apart from the burden of retroactive liabilities the problems for licensed insurers in the period remaining before the possible implementation of a national scheme are serious enough. In a competitive but orderly market where maximum premiums are determined at a level to produce a fixed loss ratio applicable to the whole of the business it might be expected that, given adequate claims service, in a situation where payments in many instances are a permanent and continuing responsibility of the insurer, the relationship between insured and insurer would not be lightly disturbed. However, the market is anything but orderly with the business of the major insurers under heavy attack. Since the 1972 premiums became effective this office has lost accounts of many years standing to premium quotations as low as 50 per cent of tariff. Other licensed insurers are similarly placed, leaving them to meet the future liability for payment of continuing claims without the benefit of matching premiums.

The report refers later to the prospects of insolvency. There would be risks with smaller companies from the introduction of such a scheme, and there would be risks for the State Government Insurance Commission with continuing liabilities on claims still outstanding if the Commonwealth legislation was introduced and superseded the State legislation.

Probably one of the reasons why the commission has acted as it has done in making this suggestion is that it wants to try to get premium income from some other source to help it through this situation so that it will not have to fall back entirely on the Treasury in the event of such circumstances arising. Therefore, I consider that the arguments advanced are not logical and that the proposals are

devious because they have not been explained properly. My Parly and I are not willing to support the legislation.

Mr. GOLDSWORTHY (Kavel): This legislation seems like a bit of good old-fashioned double cross, and I think the member for Mallee has made it abundantly clear that the Premier gave a quite unequivocal undertaking in 1970 that the Government was not interested in this field of insurance. Indeed, I think the life offices had every reason to take that statement at its face value.

As has been shown from the quotation from *Hansard* read this afternoon, the Treasurer stated clearly that the Government considered the operations of the life companies to be entirely satisfactory. Therefore, we must search for some other reason for this change of heart, to put the kindest inflection on the introduction of the legislation. The Treasurer gave some hint in his most recent policy speech that the Government intended to enter this field. That statement did not gain much prominence then, but in dealing with insurance the Premier stated:

We will reform the laws relating to insurance to remove the possibility of insurance companies taking advantage of technical breaches of policy to deprive the insured person of proper cover.

We would not argue with that statement, although we would like some evidence of the malpractice that the Government is pleased to impute against private enterprise. In most of the Government's consumer protection legislation, violent claims are made about impropriety and the general operations of private enterprise. One would think that the business community was full of crooks and spivs if one listened to the Government's arguments on consumer protection legislation. However, I will not pursue that matter. There is also another brief reference to insurance in the policy speech, as follows:

On the recommendation of the board of the State Government Insurance Commission, which has been extraordinarily successful to date, power will be given to the commission to undertake the writing of policies on life assurance.

Therefore, it was asserted as recently as in the 1973 policy speech that the Government considered the activities of the State Government Insurance Commission to be extraordinarily successful. I should hate to look at the commission's balance sheet when the Government considered it to be a failure! If we look, as I think most members have done, at the Auditor-General's Report on the operations of the State Government Insurance Commission, we see that the accumulated losses on two years operations are more than \$1 000 000. The loss for the year ended June 30, 1972, was \$217 396 and the loss for the year ended June 30, 1973, was \$848 992, making a total loss of \$1 066 388 for this extraordinarily successful operation! I should hate to see what the Government would class as a less than successful operation if it regards this as extraordinarily successful.

I have not had access recently to the information regarding investments or about what the commission has done with its funds, but it seems to have been something less than extraordinarily successful, and I think that the Government's motives in introducing this Bill are far from clear. The statement in the second reading explanation to which my colleague has alluded and which states that the commission wanted to enter the whole field of insurance conflicts strangely with the statements which were made in the Committee stages of the Bill to establish the commission and to which my colleague also has referred.

Granted that the Government had grounds for entering the general field of insurance (which we disputed hotly at the time, and I think history is proving us correct), the Government is now seeking to have the commission enter

another field that the Treasurer stated earlier was quite successful. I think that the most cogent argument advanced by the Government for entering the field of insurance initially was that the commission would offer a service to the public and in some way be able to protect the public from the depredations of these private companies which they claimed were always trying to defraud the public. However, the Government has not advanced that argument on this occasion.

I think the Government has been far from frank in the scanty explanation of this Bill that has been given to the House. There is a reference to the Government's having had a recommendation from the commission, but we do not know what that recommendation is. We have not had any argument advanced to justify this move. Because the Government said that it was not necessary to enter this field in 1970, I do not see any cogent reason for entering it now. As has been pointed out, insurance companies rely heavily on investments for their profitability. For several years there has been, even with private enterprise companies and Government insurance offices in other States, a loss on many of their underwriting operations, and they have relied on the profitability of their investments to make the whole enterprise reasonably successful. However, I cannot see that entering the life insurance field will achieve that end for the Government.

We thought it a singularly inappropriate time to launch a State Government Insurance Commission in 1970, and I consider that the present is a most inopportune time for the Government to seek to enter any new field of insurance, particularly the life field, in which the public of this State receives, even on the Government's own admission, a satisfactory service from the existing companies. I think the position of the life companies in this State is fairly adequately summarized in the annual issues of the *South Australian Year Book*. I think the same sort of statement is made from year to year in this regard. There are minor variations in statistics and there is a build-up in the growth of business.

I shall now read to the House briefly from this year's *South Australian Year Book*, at page 592, where the operation of life offices in this State is dealt with. I quote:

The activities of life insurance companies operating in South Australia have been regulated by Commonwealth legislation since 1945. Under the Life Insurance Act, 1945-1965, every company transacting life insurance business must be registered and must lodge a deposit of up to \$100 000, as security for policy-holders, with the Commonwealth Treasurer. The Act is administered by the Insurance Commissioner who has wide powers of inquiry into the activities of any registered company.

Each company must establish at least one statutory fund and all moneys received in respect of life insurance business must be paid to, and form part of, the assets of these funds. An actuarial investigation must be conducted at least once every five years, with the distribution of shareholders' dividends and policy-holders' bonuses subject to sufficient surplus being revealed by such investigation. All premiums must be actually approved and the Commissioner has powers to suppress policies or proposals which he deems misleading. Companies are required to furnish to the Commissioner certain accounting reports and statistical returns and it is from these returns that the statistical details in this section are obtained. The individual returns cover operations for the accounting year ending in the calendar year shown. For a majority of companies the closing date is December 31, but a number balance earlier in the year.

During 1971 there were 39 companies operating in South Australia. All conducted ordinary life insurance business; 32 also undertook superannuation business, *i.e.*, the issuing of policies to the trustees of funds established for the provision of superannuation or retirement benefits, and 10 recorded industrial business whereby premiums are collected at intervals of less than two months . . .

Of the 39 companies undertaking ordinary business in 1971, 10 accounted for 88 per cent of business registered at the end of the year, with the five largest accounting for 72 per cent.

So the five largest companies in this State account for 72 per cent of all business written. The *Year Book* continues:

Although 34 companies had superannuation policies registered, 10 companies accounted for 96 per cent, and three for 69 per cent of all superannuation business.

This is the field the Government seeks to enter profitably at this stage.

There appear to be only two reasons that could possibly justify the Government's entry into this field: first, that the current operations of the life offices are inefficient; secondly, that a monopoly exists in this field. It is abundantly clear from the quotations I have given from the *South Australian Year Book*, first, that the industry is well controlled in terms of the Commonwealth legislation; secondly, that it is highly competitive; and, thirdly, that it would be extremely difficult for new competitors to break into this field. The member for Mallee has predicted (and, I think, accurately) that it could take 20 years for the operations in this aspect of insurance undertaken by the State office to become profitable.

Just what are the Government's motives? Does it seek to prop up what is at present a patently unprofitable operation? Can this be construed as being in the best interests of the people of this State, spending more of their money in what will obviously be an expensive operation in the initial years? Reference has been made to the sort of staff requirements. Probably the most difficult problem in this life insurance operation is that one has to go out and actively sell this type of insurance. People do not come in voluntarily and say, "I want a life policy." They may be more inclined to do so with motor vehicle or house insurance and the like, but a fairly competent field staff is required in respect of life insurance sales. I do not think the Government visualizes getting the local police to chase up business, as happened in Queensland some years ago, but this is more than a fairly unprofitable exercise: it is a highly unprofitable exercise building up a competent field staff to sell this type of insurance.

There is competition between existing companies. The Government hopes to enter into this field. All it will do is exacerbate the existing problems of the life offices which, on its own acknowledgment, are giving the public good service. There must be some hidden motives. The member for Mallee has referred to impending Commonwealth legislation, to the details of which we are not privy. In fact, we are privy to little that this Government brings in. Before discussions have hit the deck here, we have sometimes had only three days notice, whereas it has taken some years to prepare the legislation. I recall that this happened in the case of the Education Bill. So we have few details of the Commonwealth Government's impending legislation but there are indications of the Commonwealth entering this field; we do sometimes get some insight into it from press articles. There is one here from the *Advertiser* journalist Bruce Guerin, who writes on economic matters. He indicates some of the implications of the Commonwealth Government's entering the field of insurance. He writes:

On top of all this, the Federal Government has declared itself in favour of some form of national compensation plan to replace private insurance for workers' compensation and third-party cover. That would wipe out more than 40 per cent of the business of the general insurance industry. With these particular areas unprofitable at present, that might seem a welcome relief to the industry and it could be in some ways.

We as an Opposition are searching for any real reason that would compel the Government to enter this field. Maybe it is worried that the present business that the State office transacts will be chopped back by the 40 per cent mentioned in this article. It would be happy about that, if the report by the Auditor-General is any indication of the future operations of this office. We on this side of the House are interested in the welfare of the people of this State and in seeing that their money is not squandered; we are interested in seeing whether the Government intends to embark on a course that will involve the spending of large sums of public money, as this enterprise will, and that there is some tangible benefit to the public. There is, however, not one scintilla of evidence that this operation will do anything but cost the public of this State dearly.

I do not think I need canvass what has been dealt with so adequately by the member for Mallee. I do not believe any argument has been advanced that would impel us to support this legislation. It would be in the best interests of the people of the State if this Bill did not pass into law. The Commonwealth Commissioner for the whole of Australia last year received, I believe, only 121 complaints about the operations of life offices. The Government has not suggested that this is a piece of consumer protection legislation; it has not suggested anything, but it has done a back flip in the course of the last three years. The Commissioner received 121 complaints from throughout Australia, 55 of which were classified as requests for information, the balance of which were dispatched satisfactorily. Most of the companies are the mutual society type whose proceeds are disbursed by way of bonus to those who seek cover with them.

I cannot see that a Government operation can possibly be more profitable or in any way offer any tangible benefit to the people of this State. What it can do is offer the expansion of another Government operation, and the employment of a larger staff in competition with other companies which are having difficulty and which are already in competition with one another for the acquisition of suitable staff. Indeed, it will prove an expensive operation.

I do not think that the member for Mallee was exaggerating when he said that it could take up to 20 years for the operation to become profitable. We were assured by the Premier when the original legislation was introduced that a State Government insurance office could have access to modest profits; that was the phrase he used. There is not the slightest glimmer of hope that the present operations of the office will show modest profits in the foreseeable future or that the further intrusion of the operation of this office into the life insurance field will in any way rescue the Government from its present position. Perhaps the Government hopes that the legislation will allow it access to more funds with which to play.

The only other aspect of the Bill on which I wish to comment is that the Treasurer is seeking greater freedom in respect of the powers of the State Government Insurance Office to invest its funds. Obviously the investments the Government currently holds are not considered satisfactory in the light of present economic trends. I submit that one of the greatest problems the business community and life insurance offices are encountering is the galloping rate of inflation from which Australia is suffering and which the Commonwealth Government's activities have succeeded in accelerating. However, the fact is that the diminishing value of policies, because of inflation, is the real problem facing the business community, the life offices and the general public.

Because the Treasurer simply seeks to invest the funds more profitably at a higher rate of interest (perhaps not in the gill-edge class) is no argument, for allowing the Government to introduce this legislation. If the Government was more genuine in solving the problems of all insurance offices (indeed, the business community and the public of the State) it should do something to persuade its colleagues in Canberra to get their heads together and do something about the rate of inflation, which is literally killing the country. The Opposition opposes the legislation.

Mr. MILLHOUSE (Mitcham): When I was in England a week or so ago I found that one of the measures disturbing members over there was the question of their own interest in matters debated in Parliament, and I agree that this is a problem. Therefore, I believe that I should declare my interest and say that I have insurance policies both with the Australian Mutual Provident Society and with the Mutual Life and Citizens Assurance Company Limited and so have members of my family, but that will in no way influence my attitude to the Bill. I oppose the Bill, and members of the Liberal Movement will oppose the Bill substantially for the reasons given by the member for Mallee in his speech. He covered them so well that it really is not necessary for any subsequent speaker to make a long speech, because all that needs to be said in opposition to the Bill has been said.

However, I entirely disagree with the member for Kavel on one point, because there is nothing mysterious about this matter: it has always been Labor Party policy to have a State Government insurance office to cater for all kinds of insurance, including life insurance. It is entirely in line with the Labor Party's policy of socialization. We may disagree with that policy, but it is a fact: the Party espouses it and will take every opportunity to bring it into effect. Although I oppose that policy as strongly as I can, unless a really good case can be made out for it (and in the odd case it can, but it would be very seldom), it is something we all know and should accept. There is nothing hidden, funny, strange or secretive about the legislation: it is merely a move to further the Party's objectives. As undoubtedly there is plenty of competition in the life field in Australia, there is no need for the intrusion of a State enterprise into the field. The life field is covered; there is competition, and that is that. Life insurance is, shall I say, being well handled by the mutual companies and those which are not mutual.

The only other point I wish to make is that in 1967, I think it was, the Government of the day (the Walsh Government) introduced a Bill for a State Government insurance office to enter the life field as well as other fields and that Bill was, I am thankful to say, defeated in another place. Then the Liberal Party came into office and, naturally, nothing was heard of the matter while we were in office. When we were defeated in 1970 and the Labor Party was returned to Government, it introduced a Bill for a State Government insurance office to deal with all classes of insurance, except life insurance. It is obvious from reading the debates in this Chamber (and particularly in the Legislative Council at that time) that the only reason the Government of the day got the Bill through was that it did not deal with life insurance. In his second reading explanation of that Bill, the Chief Secretary said:

Its object is to establish a State Government insurance commission with power to carry on the general business of insurance other than the business of life insurance. Specious reasons were set out why it was necessary to set up the office at all and Parliament eventually accepted them. The Hon. Mr. DeGaris, when he spoke in the debate on

August 13, 1970, at page 686 of *Hansard*, made clear that the only reason he (and presumably the other L.C.L. members) supported the Bill was that it did not cover life insurance. I hope that, although the Bill will pass through this Chamber, it will be opposed vigorously and defeated in another place.

I ask L.C.L. members here to relay this message to their remaining colleagues in the Upper House: they will have the support of the Liberal Movement member in the Upper House and (how to put it?) also of the L.M. sympathizers in the Upper House to defeat the Bill. If they stand firm the Bill will not go through. It does not deserve to go through, and I hope that it does not go through. The reasons given in the Minister's second reading explanation are entirely specious and have already been dealt with by the member for Mallee. The real reason is, as I have said, the furtherance of the Socialist objective. There is no case for passing the Bill, and I therefore oppose it.

Mr. GUNN (Eyre): In rising to participate in this debate, I make my position clear from the outset: I am totally opposed to this legislation, which is yet another clear example of this Government's going back on its word. All members recall the occasion when the Treasurer introduced the State Government Insurance Commission Bill, when he gave a clear undertaking to this Parliament and to the people of South Australia that the State Government would not enter into the life insurance field. The members for Spence and Mount Gambier were loud in their support of that measure, but we have not heard much from them since then. They were predicting large profits and benefits for the people of this State, but what has happened since then? The taxpayers have had to underwrite the losses of the State Government Insurance Commission.

Although this is only a small Bill, its implications are wide and could have a tremendous effect on the insurance industry and the taxpayers of this State, because the taxpayers will be forced to underwrite this extravagant programme, as outlined by the Treasurer. Opposition members are aware that the Labor Party, because of its Socialist philosophy, wishes to destroy the insurance industry in this State and, indeed, in this country. It has a peculiar idea that insurance societies (or "companies" as it likes to refer to them) are large monopolies that are out to fleece John Citizen. Nothing could be further from the truth. Most organizations conducting this type of business in Australia are mutual organizations.

Mr. Max Brown: Mutual?

Mr. GUNN: The member for Whyalla would not understand what "mutual" means. I suggest that my Socialist colleagues opposite should consult the *Concise Oxford Dictionary*, which defines "mutual" as meaning "in which some or all of the profits are divided among the policy-holders". That is an interesting definition. If one examines the implications of this measure and considers what has happened regarding the commission, one cannot but have fears for the future. I am amazed that all the Labor Party prophets who spoke previously have not risen in their places now to defend this Bill or to advance one reason why the State Government Insurance Commission should have the right to underwrite life insurance in this State. They are adopting the tactics they normally take when they know they are wrong: they are introducing legislation because it is a part of their doctrinaire Socialist policy and because they are following the lead of their masters in the Trades and Labor Council. They say nothing, and allow the Treasurer to stand up and advance specious arguments. I compliment the member for Mallee on his speech, because he gave some good reasons why members should not support the Bill. This is yet

another example of Government members being willing to be "Yes" men and to allow the Treasurer to have passed legislation to keep the Labor Party's masters happy. The Government does not care what effect this legislation will have on the industry or on the community of the State.

The member for Mallee explained how long it would take (if it was at all possible) before the writing of life insurance by the commission became profitable. He referred to a period of 20 years. I have been informed (and I have no reason to doubt it) that one of the largest organizations in this field had to plough many millions of dollars into its Australian operation for a period of 20 years before it became viable. The Treasurer admitted on another occasion that, because of the size and scope of the operation, it would be impossible for the commission to run at a profit in this field. I should like to hear the Treasurer say how he can now introduce a Bill like this and ask honourable members to support it, when previously he clearly told the House that it would not be economically viable for the State Government Insurance Commission profitably to underwrite life insurance. The Parliament and, indeed, the people of this State, are entitled to a clear and precise answer in this regard. I agree entirely with the member for Mallee when he says that the relevant documents regarding the commission's recommendation should be laid on the table. These are important questions that should be resolved. I challenge the Attorney-General (who I believe is in charge of the House at present) to do this.

Mr. Wright: That's being foolish.

Mr. GUNN: Although the member for Adelaide says my challenge is foolish, he and his Government should justify the argument that the Treasurer has advanced. Let him table the relevant information; this is a simple request. The Treasurer stated clearly in the second reading explanation that the request had come from the commission. Everyone is entitled to be provided with the facts.

Mr. Goldsworthy: It's open Government now!

Mr. GUNN: Yes, that is advocated by the Treasurer's friend and colleague (although I am not certain if he is such a friend now), the Prime Minister. The Treasurer claims to espouse that line of thought.

Mr. Goldsworthy: The Prime Minister double-crossed him on the brandy excise, and now it's all gone up in smoke.

Mr. GUNN: That is so. However, that is irrelevant and I will not be waylaid by my colleague. One or two other matters, to which the member for Mallee referred, need to be discussed. When the annual report of the commission for 1973 was released, 66 persons were employed in the commission's office. I understand, from information with which I have been provided, that that is a large number of employees for the amount of business that is underwritten.

Mr. Goldsworthy: It is 71 now.

Mr. GUNN: I wonder, therefore, what the increase in staff numbers will be if the commission enters into the life insurance field. Where will it obtain employees with the necessary experience and expertise to carry on this line of business? Will they be Government employees, or will they be police officers like they were in Queensland? Will those people be selling life insurance? The Government has not said so in the Bill or in the second reading explanation. Will the commission be trying to attract employees from other organizations? It is obvious that, if the commission sets out to attract employees from other societies in South Australia, or indeed from other States,

it will have to make available to those employees substantially higher wages than they are obtaining in their present employment. It is obvious, too, that this will be another cost factor that will have to be considered. This is yet another clear example of why this operation will not float.

Although much information has been made available to members, I am still at a loss to know why this legislation has been introduced. I challenge the member for Spence to get up on his feet and, in a clear and precise fashion, justify the Bill's introduction. He was loud in his praise in 1970, and went to great pains to explain to Liberal and Country League members why the commission should be set up. I have already told the House what the results of the scheme will be. The members for Mallee and Kavel have gone to some length to point out the protection that is already available to policy-holders from the 1945 Commonwealth legislation and the protection that the commission affords its policy-holders. However, the member for Mitchell had the gall to suggest in his usual snide fashion (because of the dislike that he and his colleagues have for this sort of organization) that a person received only 45 per cent of the premiums he had paid after four years if he surrendered the policy. I have been reliably informed that the Commissioner, who is a reputable and competent person, has always stated that this is an equitable and fair return, but the member for Mitchell did not state that 45 per cent was the minimum, not the maximum.

Mr. Payne: I did not say that: I said that is what can happen.

Mr. GUNN: Yes, "can happen", but it does not happen. Has the honourable member any examples that he can quote to the House so that members can scrutinize what he has said? We are well aware that the present Commonwealth Government is trying to get its hands on funds that have been provided by policy-holders in mutual societies and similar organizations operating today. Dr. Cairns has plans to force these organizations to make a compulsory contribution to the Australian Industry Development Corporation. Will the State Government Insurance Commission be exempted? No doubt it will be exempted, and it follows that this Government and its Commonwealth colleague will want to discriminate against the many thousands of people in this country whose savings are invested in these companies.

Mr. Crimes: Don't forget the widows and orphans!

Mr. GUNN: I am pleased to include them for the honourable member's benefit. These people receive bonuses on their investment, but Dr. Cairns, that wellknown Socialist, wants to get hold of these funds. It is part of his plan to strangle this type of enterprise by using a back-door method, and the Prime Minister is on record as having said that he will use this organization, which was originally set up by a responsible Government to assist industry and not to destroy it. I am concerned on behalf of policy-holders who have their money invested in these societies, and I want much more information provided to me before I will support this legislation. The Treasurer has failed to provide that information and has not justified his case with facts, figures, or logic. This is nothing more than another Socialist scheme to try to destroy the insurance industry in this country, and I support my colleagues in opposing this legislation.

Mr. McANANEY (Heysen): I join with my colleagues in opposing this Bill. This legislation is unnecessary when an industry is operating as required by the people of this country, but I am not opposed completely to Government

ownership when an industry is not performing as it should. One weakness of Government control of an industry is that, ultimately, there is no fair competition between the Government and private enterprise. Despite the greater efficiency of private enterprise, an industry can be eliminated because of favouritism shown by the Government. Insurance companies are performing their task well: they are mainly co-operative concerns and the profits are returned to those who invest their funds for benefits in the future. These people should be allowed to invest their money in companies of their choice. Today, much is being done by the back-door method in this country, although most Australians do not approve of this method. Recently, a Gallup poll was taken on nationalization of industry, which is the first step towards complete nationalization. However, the people of Australia indicated that they were opposed to it.

Only 18 per cent of Australians wanted the Commonwealth Government to take over and operate more industries: only 3 per cent wanted the oil industry nationalized, 2 per cent the steel industry, 3 per cent the mining industry, 2 per cent the transport industry, 2 per cent the motor manufacturing industry, 1 per cent the banking industry, and 4 per cent favoured nationalizing other industries. An overwhelming number of Australians wanted less Government interference in industry. Of the group 14 years to 19 years old, only 24 per cent wanted more Government ownership of industry. I have a great respect for the younger generation, but sometimes they may be somewhat immature in their thinking. However, only 24 per cent of this age group wanted what the immature group from the other side of this House are asking us to give it the power to do.

I believe that young people tend towards Socialism until they get out and see how industry and the business world work, but for Socialists at the age of honourable members opposite, all one can do is feel sorry for them and for the people who will have this type of legislation inflicted on them, although they have indicated that they do not want further Government ownership of industry. People should realize that democracy is not working as well now as it should work. A Gallup poll has shown that people require more hospitals, schools, and similar services, but they do not ask for more Government ownership of industry. About 70 per cent to 80 per cent of the people want a 40-hour week, because they also want hospitals and schools. However, from half-baked Socialists and Nationalists we will finish up within two or three years with a 30-hour week, despite the fact that the people of Australia do not want it.

They do not want the partial nationalization of the insurance business, and I strongly oppose this Bill. The Treasurer now wants to extend the investment portfolio for insurance companies. When the original Bill was debated, I pointed out that it was necessary to have a wider range of investment in order to get the greater returns that other industries get. Now the Government wishes to broaden the field of investment of the Government Insurance Commission. The only logic I can see in the Government's argument is that it wants more funds to control, and in this way such funds can be obtained. However, to create capital goods it is necessary that people should be willing to invest. If the savings of the people go into one line of Government activity no new purchasing power or availability of capital is being created; money is simply being transferred from one group to another.

By their wisdom, insurance companies have invested for the benefit of Australia. We are in a boom situation at



present because of the prices of our minerals and our primary products, particularly beef. The Australian Mutual Provident Society and other insurance companies in private enterprise developed land which was economic and which paid for itself, but the land settlement schemes of the Government resulted in tremendous losses being carried by the taxpayer. The wise use of money by insurance companies has worked greatly to the benefit of Australia. Competition within the insurance industry is keen, and I do not think there is much collusion among the companies in their activities. I have never voted in this House for price control, but I believe in restrictive trade practice legislation in a case where a group of people gets together to fix terms and prices. We must be very firm about that if we are to continue with a system of private enterprise; to my knowledge at least there appears to be little collusion in the insurance industry. Competition is at work, and the zest with which local agents carry out their business ensures such competition. That is why the insurance business is as good as it is today, there is fair competition between groups and individuals. Only those who work efficiently expand and prosper.

If we are to have a Government instrumentality, concessions will be made to it and it will be given advantages not available to private industry. There will then not be fair competition. Even in those circumstances, I would back the insurance companies to continue to prosper; the Government instrumentality would not grow to any great size. That has been shown in other States over the past 40 or 50 years. Government commissions have not become dominant organizations in the insurance business. I strongly oppose the legislation, and I hope the other place will toss it out. There is no justification for it, no mandate. People have shown that they do not want an expansion of Government ownership and the insurance companies, with their wider range of investment, have served the people of Australia better than they will be served by a Government instrumentality diverting funds into other uneconomic activities.

Mr. MATHWIN (Glenelg). I oppose this Bill. One of the main points to be borne in mind concerns the remarks of the Treasurer, who thrives on broken promises. His neat and fast footwork is nearly as good as that of the Attorney-General when it comes to shadow-boxing. If we turn to page 433 of *Hansard* of 1970, we see that, in his opening remarks in introducing the State Government Insurance Commission Bill, the Treasurer said:

Its object is to establish the State Government Insurance Commission with power to carry on the general business of insurance other than the business of life insurance. Those are the words of the Treasurer, and to make quite sure that those words sink into the minds of Government members I shall repeat them:

. . . with power to carry on the general business of insurance other than the business of life insurance. The Bill implements an important part of the policy of the Australian Labor Party.

That, of course, is fairly obvious. That is in the 50c book, and we know it is the policy of the Labor Party.

Mr. Payne: Have you got the latest one?

Mr. MATHWIN: Yes, the one with the blue cover, the Liberal-coloured one The Premier said further:

The insurance field is one which all other States in Australia have entered with two main objects in view, namely: (a) to keep premiums at reasonable levels; and (b) to ensure by competition that adequate service is given to the public.

The Treasurer made special mention of "adequate service". On the one hand, we have the Treasurer, in introducing that Bill, giving his word that the Government was not

interested in life insurance, yet within the short span of a few years we have a further Bill to expand the nationalization of the industry. It is the policy of the Labor Government, the Socialist Government, the policy of nationalization. I understand that in the United Kingdom Mr. Wilson has a programme of 16 projects to take over and nationalize. The smaller fry of the Socialist regime here are taking their time from their brothers in the United Kingdom who say, "It is about time we got stuck into nationalizing a few of these things."

The SPEAKER: Order! I will allow a certain amount of latitude, but the honourable member must not debate the matter of nationalizing of industry when speaking to a small Bill confined to the matter of life insurance and the State Government. The honourable member must come back to the subject matter of the Bill.

Mr. MATHWIN: I shall come back to what the Treasurer said in the debate on the original Bill in 1970, when he gave his word—

The SPEAKER: Order! I point out to the honourable member for Glenelg that we are debating not a Bill introduced by the honourable Treasurer in 1970 but a Bill introduced by him in February, 1974.

Mr. MATHWIN: With due respect, Mr. Speaker, I ask that you consider that I am referring now to the statement by the Treasurer of this State that he was not interested in taking over this part of the business of insurance companies. However, I will not pursue that further. I see that my friends opposite have taken that information in and, doubtless, at the Caucus meeting tomorrow they will discuss the matter more fully. With assistance, they may change their minds and realize that it is a matter of responsibility and concern to the Party that their Leader has said such a thing and now reneges on his statement.

The Auditor-General's Report for the year ended June 30, 1973, at page 254, shows that the underwriting loss in the commission's profit and loss account for that year was about \$940 000. Even on the estimates of the Labor Party, that would be a large amount of money, despite that money does not mean much to the Government. The Auditor-General reports that, after bringing into account investment income of about \$91 000, the net loss for the year was about \$849 000. The commission has lost much money and, in the 18 months that it has been operating, the loss totals more than \$1 000 000.

It is all right for the Government to throw money out as though it had gone out of fashion and to toss it around for compulsory unionism in the transport industry. The people of South Australia must realize the folly of what they have done in returning the present Government to the Treasury bench. I ask whether the Treasurer really believes that life insurance will immediately produce fat profits. Does Cabinet, when it considers these matters, really believe that, in the first 12 months, the commission will get into the big money and produce "fat cats" in the insurance field so quickly?

Perhaps by waving a magic wand the Government has been able to change the position so that the commission can do that but, regardless of how clever we may think we are, all of us must act on some sort of experience and, if we consider the past, we realize that the companies in this field have had to inject large amounts of funds for many years until eventually the investment income has been able to take over. It takes a long time and much money before the insurance companies get on the credit side. I also ask whether the Treasurer has thought about where the additional staff will come from for this operation.

There is not an abundance of people qualified for this type of work, and I think the member for Kavel has said

that people must seek this type of business by ducking around doors, going to clubs, and seeing people at their homes. Unlike a shop or office, where people come to do business, insurance staff must take the business to the people and, to be successful, rely on the media and advertising. This is expensive, and I wonder how much thought the Treasurer has given to the need for trained and experienced staff. Where will the staff come from?

"Private enterprise" is a rather frightening term for the Government, which has no truck with people who believe in freedom and the right to do what they like within reason. All the private enterprise companies are using computers and computer equipment, for two main reasons. The first is the shortage of trained staff and the second is the cost involved in staff. What is the Government's intention in this regard? Will the Government get into the private enterprise field, as the Minister of Works stated about 12 months ago when I asked whether the Public Buildings Department would go into competition with private builders? The Minister told me that the department would compete with private builders.

Another question I should like to ask is whether the Government has been in contact with the Commonwealth Government on this matter. That is another Socialist Government and the Commonwealth Treasurer stated recently that sufficient companies were operating in Australia now and that the Government did not want any more. However, this Labor Government in South Australia plans to establish another operator, despite the Commonwealth Government's statement that it will not approve any more licences to establish companies in Australia.

It can be argued that the Commonwealth Government has no control over what companies are established in this State. Nevertheless, I should be surprised if this State Socialist Government did not take notice of its masters in Canberra who say that there are sufficient companies established now and that more licences will not be granted. Surely this is a strange conflict between these two what we may term Socialist bed-mates.

The policy of the State Government, and of the Commonwealth Government, for that matter, is for all things to be State-owned; certainly, they always have a yearning to get into the insurance companies, land transactions, and the banks, with their programmes of nationalization. I agree with the member for Heysen when he says that people do not want this type of Socialism: they do not want everything to be taken over or to be told what to do and how to do it. They want a little more freedom than that. I agree with the honourable member, too, that there are many young people whose minds have this tinge when they are young. There is an old but true saying that, if a person is not a Socialist when he is 20 years old, there is something wrong with his heart but, if he is still a Socialist when he is 30 years old, there is something wrong with his head.

I refer now to the Treasurer's speech at page 434 of the 1970 *Hansard*, where he said:

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

burden upon the finances of the State. This particular allegation is ill founded. The Government will not be faced with any considerable outlay in the establishment of an insurance office.

I have already spoken about what happened in the last financial year, when the Government commission, according to the Auditor-General's Report, lost \$940 000, and in 18 months lost over \$1 000 000. Yet the Treasurer said it would not show a substantial loss. If the Treasurer thought earlier that the Government would not lose any money or would not get involved financially, I wonder what he thinks now after reading the Auditor-General's Report. Looking briefly at the Bill, I should like to make some remarks about this matter. I refer now to clause 4, which amends section 16 of the principal Act by striking out paragraph (a) and inserting the following new paragraph:

(a) in any investments from time to time approved of by the Treasurer;

Here, we have perhaps the basis of the whole thing. The Premier, who is the Treasurer of this State (and one would hope that eventually he would aspire to being Minister of Agriculture because he knows all about growing sweetcorn and chickens), by inserting this provision in the Act makes himself all-powerful, the man who will be able to say where the money is to go; he will have the power over everything. I interpret that as perhaps one of the bases of the Bill, that he, the Treasurer, the Premier of the State, will be able to direct where these investments shall go. That is perhaps one of the most important aspects of this part of the legislation.

Another is the fact that it is the Government's policy to take over these things, no matter what it says, even if the Treasurer says today: "This is as far as we will go; we will go no further. We will not intrude into any other part of insurance." He said that a couple of years ago. He has broken his promise this time and, if he says it again, we shall be faced with the same thing again. I oppose the Bill.

Mr. DEAN BROWN (Davenport): This Bill is a move by the State Government Insurance Commission to enter into the field of private life insurance. The Bill can be described as a move by the State Government to try to enter that field to collect public funds for investment by back-door means. It can be described as a move by the Government to try to set up in the private enterprise field on a basis that is far from being competitive with the private companies. This is an issue that should be looked at not only in the light of the Treasurer's policy statement of 1970 but also in terms of whether it is a sound private enterprise investment by our State Government, because that is exactly the way it is trying to assess the present position.

The case that the Government has put up in making this move into life insurance is based on two issues. The first is a statement of the Treasurer in his second reading explanation, that it was a matter of convenience that the State Government commission should move into this field of life insurance so that it could offer the policyholders in all fields of insurance a complete coverage. On the surface, that may appear a reasonable argument, but the Treasurer himself destroyed that argument when in 1970, in *Hansard*, he said (and he was talking here of the advantages of moving into life insurance to cover the complete range of insurance):

Those advantages were minimal as against the difficulty that we would face in being able to compete adequately with the terms of life insurance offered by the larger offices.

So he himself in 1970 destroyed one of the two main arguments that the Government is putting up for moving into this field. The second argument put forward by the Government is to create a fund from the premiums so raised through life insurance. Much speculation has already arisen in this debate about what the Government would do with this fund. Here again there is a basic flaw or fallacy in the Government's argument. First, the Government has produced no evidence to show us the extent of the funds available through moving into this life insurance field. In fact, we as the Opposition could put forward evidence to suggest that it would take at least 20 years for the State Government Insurance Commission to start reaping profits from this venture into life insurance.

[Sitting suspended from 6 to 7.30 p in ]

Mr. DEAN BROWN: Before the dinner adjournment, I pointed out that the Government had introduced the Bill for two reasons, according to the Treasurer's second reading explanation. The first reason was for the convenience of the State Government Insurance Commission's clients. I pointed out, however, that the Treasurer, in his own words in 1970, had refuted that argument. The second reason was to create funds from the premiums, which funds were to be used by the State Government. I have already said that it could be 20 years before the commission realizes a profit from life insurance.

But is the Government admitting now that there is a shortage of State funds for its public works or that the Whitlam Government in Canberra is starving it of funds for public works? The Opposition agrees with that, if that is the Government's reason. If there is a shortage of public funds, surely the Government should raise funds not through life insurance but through State Government loans, lotteries, or some other means. The two reasons advanced for introducing the Bill do not stand up to argument.

I will now state some of the reasons why I think the Government should not handle life insurance. The Treasurer himself advanced two good reasons why the Government should not move into this field, the first being that the commission is only a medium-size insurance body. In 1970, the Treasurer thought that it was not financially economic for a medium-size company to move into an area in competition with the larger companies. On August 5, 1970, the Treasurer is quoted in *Hansard* as saying:

... it is not possible for an office of medium size to compete effectively in the life insurance field because, in this field particularly, the economies of scale are enormously important.

So, the Treasurer by his own words has condemned the Bill. The second ground on which he condemned the Bill was when he said that the standard of service in the life insurance field was adequate and that the State Government was not moving into this field as it saw no reason to question the present standard. The Treasurer said in *Hansard* of August 5, 1970:

In addition, we are not so concerned about the standard of service in the life insurance field: this is a competitive area, given the large companies operating here, and it is under the control of Commonwealth Government legislation.

Yet, the Treasurer is willing to go back on his words of only 3½ years ago. But what evidence is there of why the Government, especially the Treasurer, has changed policy? None whatsoever. What circumstances have changed in the last 31 years to make the Government suddenly adopt a new policy? None whatsoever. So we see the Government's new policy: one of being completely irrational.

There are additional reasons why the Government Insurance Commission should not deal with life insurance.

We have seen successes in this field by other State Government insurance offices, particularly in New South Wales and Queensland, but they were exceptional circumstances, as the member for Mallee has already pointed out. They were involved from the beginning and they have been established for a long time. In the case of Queensland there is a second reason why its Government office has been successful, namely, that its public servants can be commission agents, but in South Australia, under the original legislation, that cannot be the case. Whereas in Queensland many public servants try to sell life insurance to their friends, here in South Australia we have an entirely different set of circumstances.

The fourth reason why I think the Government should not handle life insurance is that in connection with this sudden new Government enterprise we have been given no details of the costs involved or of cash flows. If the Government were to move into the life insurance field, one would have thought that it would have the decency to do so on a businesslike basis, but there has been no such evidence. Where is the actuarial information on which one could base such a judgment? None has been presented. So, on the ground of moving into a commercial enterprise the Government must stand condemned.

The fifth reason is that, if the Government moves into the life insurance field, it will mean that specialized staff will have to be employed. The member for Mallee has said that the Government will have to employ a specialist manager. The Government will need actuarial advice, and here the Government's actions are incredible. We have a competent Public Actuary but, to obtain the advice for this legislation or for this commercial enterprise, the Government went to Sydney. Is this a vote of no confidence by the Government in its own Actuary? The evidence certainly suggests that this is so. In addition, the staff required will include investment advisers, and we all know the kind of attitude that Government investment advisers take. They are conservative. They have not worked successfully in the past and they work within restricted limits with regard to their investments.

Finally, and most important regarding the employment of new staff, the Government will need to move into the area of salesmanship and of the marketing of life insurance policies, but is the Government a marketing body? It is an administrative body, but all the evidence suggests (and taking into account its expertise) that it is not a marketing body. The marketing aspect is the weakest part of any Government body, yet it is the most vital part in the life insurance field. If the Government fails in marketing life insurance, its whole venture into life insurance will also fail.

The sixth reason I advance is the disadvantages that the Government's moving into the life insurance field will create for private enterprise. Commonwealth Government legislation requires that private life insurance companies must have 30 per cent of their funds in Government investments, this 30 per cent being called captive funds. Legislation is now before the Australian Government to increase this percentage by another 10 per cent, to be invested in the Australian Industry Development Corporation. So, private life insurance companies will be compelled to invest 40 per cent of their funds with the Government or with Government bodies, whereas our own State commission will be able to spend its funds in any way it sees fit. Surely that is a great disadvantage to the private companies. An additional disadvantage to private companies is that they must pay income tax on a basis

similar to that of any other private enterprise. However, the State Government Insurance Commission certainly does not have to do so: it need pay no income tax whatsoever. The original legislation provides that the Treasurer is able to demand a sum of money similar to the sum that would apply if the commission was paying taxation. It is now up to the Treasurer to decide what artificial rate of taxation will be paid by the commission. Obviously, to make this scheme a success, the State Treasurer will "tax" that organization much more leniently than he would tax a private company.

One can therefore see two grounds on which the private companies involved in this sphere will be placed at a disadvantage. This disadvantage could start to destroy the whole economic future of private enterprise compared to the commission. This is yet another reason (and it is perhaps the weakest point of any Government) why the State Government should not move into the life insurance area. It should not try to invest in a commercial enterprise. Governments are renowned for their conservative financial policies and for being singularly unsuccessful in commercial enterprises. Normally, in private enterprise, a conservative and an unsuccessful policy do not go hand in hand. Despite this, the State Government seems somehow to be able to achieve a compatibility between these two weaknesses. One should examine the facts. The Government, indirectly, decided to invest in Databet in Melbourne (a private company) and lost \$2 000,000. It also decided to invest in the dial-a-bus concept, and lost \$34 000 within a fortnight.

The SPEAKER: Order! The honourable member must confine his remarks to the Bill.

Mr. DEAN BROWN: I thank you for bringing me back to the Bill, Mr. Speaker. I am merely pointing out the Government's failure in commercial enterprises. In this respect, I look to other attempts at investment that have been made by Governments, and I think of instances in which the Government has acted as guarantor for a private company.

The SPEAKER: Order! The Bill deals with a specific matter concerning the State Government Insurance Commission. This is not a general debate on State finances, and the honourable member must discuss the Bill under consideration.

Mr. DEAN BROWN: I should have thought that, if the commission was collecting money for life insurance, it would have large sums of money to invest in various fields of private and Government enterprise and that, therefore, we should examine the Government's previous performance in this area. One sees a continuing list of failures. For instance, the Government lost \$500 000 in connection with Rare Earth Corporation.

The SPEAKER: Order! If the honourable member persistently disregards the Bill, I will have to call him to order and not allow him to continue along those lines.

Mr. DEAN BROWN: Mr. Speaker, I think I have already made my point, anyway.

The SPEAKER: No point is involved. The honourable member must discuss the Bill under consideration.

Mr. DEAN BROWN: I simply restate my initial point, that the Government will have large sums of money available to invest and that in this respect it has been unsuccessful in the past because the Government, comprising politicians only, has unfortunately seen fit to override the better judgment of the Treasury and its financial experts.

The SPEAKER: Order! The honourable member must discuss the Bill under consideration, and that will be the tone of the debate in future.

Mr. DEAN BROWN: I have advanced seven valid points why the State Government Insurance Commission should certainly not move into the life insurance field. Having examined the matter initially, members on this side could see no reason why the Government should suddenly change its mind in this regard. However, when one examines the seven valid reasons why the Government should not enter into the life insurance field, one sees that it may be moving into an enterprise that it will certainly not be able to handle and that it will sink deeper and deeper into debt. One could possibly hypothesize. At this stage, looking at history, such a hypothesis could be well based. The Government will have yet another failure in a commercial enterprise. The lack of evidence presented by the Government certainly suggests that the commission should not move into the life insurance area. I therefore oppose the Bill.

Dr. TONKIN (Bragg): I, too, oppose the Bill, and place on record my opposition to, and my disgust with, the record of the Labor Government in this State. In 1970, when the Bill setting up the State Government Insurance Commission was before this House, it was stated clearly that the commission would play no part in the life insurance sphere. Now, however, only a few years later, one finds the Government reversing that decision and deciding that it will take part in that field.

Mr. Duncan: Hear, hear!

Dr. TONKIN: Although that decision may meet with the approbation of the member for Elizabeth, this total reversal of form by the Government is entirely despicable.

*Members interjecting:*

The SPEAKER: Order!

Dr. TONKIN: Members may interject as much as they wish. The Government is, with a completely different system, trying to replace a system of private ownership, and frequently of mutual ownership, where every policyholder becomes a shareholder. I cannot for the life of me comprehend the strange attitude that is being voiced across the Chamber by way of interjection. Government members think, "What if they do own the company? Who runs it?" Of course, the people who run it are well skilled in running organizations of this size.

Mr. Gunn: They are men with the highest reputation.

Dr. TONKIN: That is so, and they are men for whom I have the highest regard. This is what the shareholders want, and they have invested their money in the many mutual organizations that now exist because they want the security of having a sum of money available to them when the need arises and, when that need arises, they want that money to be worth something. The record of the State and Commonwealth Labor Governments is not helping the insurance companies in their aims, and for that reason it is not doing anything for the policy-holders or individual shareholders of these companies. These private mutual companies act for their members and, of course, they have the best persons available on their boards because their members want a growth rate that will provide a realistic return when their policies mature. These companies are not getting a fair deal at present and, having made it difficult for them by condoning and, indeed, exploiting the present inflationary trend in this country, the State Labor Government now wants to enter this field and take it over completely. And that is exactly what the Government is trying to do!

Mr. Gunn: Who will foot the bill—the taxpayer?

Dr. TONKIN: Of course the taxpayer will. The taxpayer will be a shareholder in the Government's insurance office, but he will not be getting value for his money. We will replace the present system with a Government

bureaucracy in control of insurance companies. From the reports I have received the State Government Insurance Commission is not much better than all other Government departments: it is not providing services that private companies will provide and must provide if they are to stay in a competitive existence. Following the excellent speech by the member for Mallee, who summed up the situation very well, we are left with many queries still unanswered by the Government. Perhaps we will hear from the Minister later: perhaps we can hope that one of the other Government members will say something about this Bill.

Mr. Langley: You always say the same thing over and over again.

Mr. Gunn: Why don't you say something to defend it?

Mr. Langley: I don't have to: do you want us to waste time?

Dr. TONKIN: If some Government members would spend as much time replying to Opposition questions as they do in wasting their breath in futile interjections, we might be a better-informed Opposition and the people of this State might be better informed, too. They might think that the Government is thinking of them, although it is acting in a misguided way.

Mr. Duncan: We have better things to do with our time than to answer kindergarten-standard questions.

Dr. TONKIN: That comment illustrates my point. We are left with the question why the Government wants to enter this field and expand the activities of the State Government Insurance Commission.

Mr. Langley: What have you against it?

Dr. TONKIN: We are told that by entering this field the commission will be protecting members of the public from the shonky and shady practices of existing private companies.

Mr. Langley: How many have failed in the last few years?

Mr. Duncan: They have been named in the House East Australian was one.

Dr. TONKIN: I suggest that Government members might do their homework: we are speaking of life insurance, and I reiterate what has been said by the members for Mallee and Kavel, namely, that the life insurance business is controlled by very strict regulations. An insurance commissioner has very wide powers to investigate any complaint of malpractice, and he does so. Why does the Government wish to enter this field? It has been suggested that the Government needs the money: that does not surprise Opposition members one little bit, because we know it does. In fact, the Government will need every single bit of cash it can get to make the present State Government Insurance Commission a paying proposition. However, I believe the real reason is an ideological one: for many years the conservative Labor Party (and it is conservative; it is hidebound and waves its little book in the air and says that this has been its policy since 1929) has had a stated policy to take over insurance companies, just as it tried to take over banks once upon a time.

Mr. Langley: You are wrong: where is your policy?

Dr. TONKIN: The honourable member states that I am wrong: is the honourable member trying to tell me that there was no attempt to take over the banks?

Mr. Langley: It was all in the press, and you believe the press.

The SPEAKER: Order! There will be no discussion about taking over banks during this debate.

Dr. TONKIN: I agree with you, Mr. Speaker, and the member for Unley should not have introduced the subject. It has been stated Labor Party policy that these large corporations (banks included) and insurance companies shall no longer exist in their present form.

Mr. Crimes: Hear, hear!

Dr. TONKIN: I am pleased to hear that the member for Spence is honest enough to agree with me that this is Labor Party policy. All that interests this Government is its ideology and the pursuit of a political end. A lesson is to be learned from this not only by South Australians but also by all Australians. It is a very cogent lesson for those who want to learn it: that is, that one cannot rely on the word of the Australian Labor Party. That Party introduces the two-stage take-over. It has introduced it in education already in the Commonwealth sphere, and it has proposed it in the national health scheme.

The SPEAKER: Order! Several times this evening I have ruled that we are discussing a Bill to allow the State Government Insurance Commission to enter the field of life insurance. That does not allow an open debate on Party-political policy or any matters outside the terms of this Bill, unless the honourable member relates his remarks to the Bill being discussed. The honourable member for Bragg.

Dr. TONKIN: Labor is going to take over insurance companies in this State by two stages. I believe that the first stage passed through this Parliament only because of a guarantee that the commission would not engage in life insurance business. Now, after a sufficient time (3½ years, I think) when people may have forgotten that guarantee, we are going the other half. That is a lesson the people of this State have to learn. When the Labor Party states it does not really mean to go that far, it should not be believed, Mr. Speaker. This is a typical deception, because one can bet one's bottom dollar that this Party will go the whole hog and laugh all the way. That Party will laugh as far as the next election, because eventually the people of this State will wake up.

Mr. Duncan: Yes, 100 per cent of them will support us.

Mr. Gunn: Isn't the Minister going to reply?

Mr. EVANS (Fisher): I believe that we have been through an important second reading debate, and I think it is a courtesy that has been accepted by the Government to respond to such an important debate. Some important matters have been raised, and often it is too late in Committee for a general question to be answered. Ministers realize that and so does every other member. I did not intend to speak in this debate, but 3½ years ago the Government assured members and the people of the State that the State Government Insurance Commission would not enter the life insurance field. I believe there is something to be answered, because there has to be a reason for this move, and a much better one than those that have been given or attempted to be given by any Minister or member of the A.L.P. Government. There have been one or two new members elected to the Australian Labor Party since the original Bill was debated 3½ years ago. However, most of the Government members who are in the House today backed the Treasurer when he gave the guarantee that the Government would not enter this field of insurance. Those members supported him, and the public accepted that guarantee.

To my knowledge, there has been no change in circumstances to account for the attitude of the Government except for the one point made by the member for Bragg: ideology. According to the rule book of the Australian Labor Party, anyone who wishes to do something for himself, using his own initiative, his own enterprise, and

his own talents, to progress at his own pace, will find the Government doing everything in the world to impede his progress. Many life insurance offices are in the hands of the persons who own the policies. They reap the benefits, which do not go to some great shareholders against whom members opposite seem to have a grudge. The man in the street has a life insurance policy on which he hopes, to lean for his retirement.

The Hon. D. H. McKee: Wipe away those tears of blood.

Mr. EVANS: The Minister knows that what I have said is true. It does not matter whether or not he has sympathy with that point of view, because he is being led along a narrow path, believing that a society can end up under the control of a bureaucratic system with everyone working for a Government enterprise. We all know the difficulties in encouraging people to use their own initiative once they have been under the control of a Government enterprise. I do not condemn the people who work in those enterprises, but we know of the red tape that exists. We know that, because of the number of people on the staff and the different stages through which all business may pass, costs escalate and become a burden on society. This is not the fault of the individuals working within the departments; it is the fault of the system operating under bureaucratic control. We see this happening in every area of Government enterprise.

We know how costs are escalating. We know, too, that if the Government wants to get life insurance as well as fire and accident insurance it can say, "If you work for the Government we will give you a bonus in your premiums." It can get around the attitude today in relation to joining unions by giving an ultimatum, "If you are prepared to contribute to this insurance company instead of private enterprise owned by a corporate group of policyholders, we will give you a cheap policy. We will force you to accept this."

The Hon. D. H. McKee: That's what the Liberal and Country League did. It had a gerrymander and forced people to accept a Government they didn't want.

Mr. EVANS: There is something "gerry" about this, but it is not a gerrymander, and the Minister knows that quite well. The man in the street must realize that the Labor Government, through this type of legislation, could say to Government employees, "Buy your life insurance from the State Government Insurance Commission, or else." Some will laugh and say that is not possible, but that is the long-term intention of the Government, and whatever guarantee we are given here tonight is about as valuable as the guarantee given more than three years ago that the Government would not enter the field of life insurance. We know that full well. Some people in the community still get their weekly salary, still have the things they like in life, and still meet most of their commitments, but the burden on their pocket will become apparent from this point onwards, if it has not already done so, regardless of whether the State Government Insurance Commission handles life policies; these life policies will add a little more to that burden.

Because the man in the street feels content, he is willing to sit back and let things happen. He is not concerned with long-term issues. The average person (and quite often the member of Parliament) looks only at the short term, wondering what will happen by next Saturday night. He does not really involve himself in what will happen to the country in the long term. He does not realize that eventually the country that is here for his children and their children will reach a low ebb. That has happened to many countries and this type of legislation is part of the policy

that will bring the country to that point. At some time in the future, if this type of Bill passes through the House, we will be able to say that at least we tried to make people aware of the situation.

I rose only because no Minister appeared willing to reply to the questions raised. I have raised no queries at all, but my colleagues asked specific questions to which they sought answers from the Government. It has long been a policy, accepted, honoured and respected by the Opposition, that a Government Minister should reply to the second reading debate. Surely one Minister should extend that courtesy. If the Minister responsible was called out on urgent business when he should have been in the House, I apologize; the opportunity now arises for the Minister to make a statement.

Mr. RODDA (Victoria): I have beaten the Minister of Works to the gun, although his attempt to speak disposes of some of my reasons for speaking to the Bill. My colleagues on this side have studied the Bill diligently, and I reiterate the remarks of the member for Bragg about the two-stage takeover. When the original legislation was introduced several years ago, an undertaking was given to the Parliament that a Government office would not enter the life insurance field. In introducing this Bill, the Treasurer said there was a growing tendency on the part of the insurers in this State to offer a complete insurance service. However, I think the people of South Australia have been very well looked after by the mutual offices that have given long and distinguished service with the policies they have written. Is this Bill going to mean Socialism in all its glory? I thought the Opposition was being treated like a new bride.

The Hon. J. D. Corcoran: What is the new bride treatment?

Mr. RODDA: The new bride does not know what she is going to get, but she gets it. The Minister does not look as though he will give us the new bride treatment.

The Hon. J. D. Corcoran: I did not know what you were talking about.

Mr. RODDA: The Minister has a reasonable idea now, I think I would not like to think that the Government of this central State of Australia would stoop so low as to hand out what I call the new bride treatment.

Mr. HALL (Goyder): I do not want to say much about this Bill. However, anyone who places any worth on a promise by members of the Labor Party that they will not take certain action in future is being foolish. That is because no-one on the Labor benches in this House can give any undertaking that the Labor machine will not, whenever it can, progress towards the ultimate goal of having everyone paid for by the Government and working for the Government. That is the ultimate objective of Labor and the amount it achieves in this regard is directly proportionate to the time that it is in office.

The SPEAKER: Order! The honourable member must speak to the Bill.

Mr. HALL: I am, Mr. Speaker, because this is the aggregation to the Government of an important business procedure that until now has been the preserve of private enterprise, and the Government has been noted for moving into other ventures at great cost to society. You would now allow me to proceed further than making a reference in passing to how the Minister of Transport has bought millions of dollars worth of buses—

The SPEAKER: Order!

Mr. HALL: —and the Government cannot provide hospital beds.

The SPEAKER: Order! I have already ruled that we are discussing a Bill to allow the State Government Insurance Commission to enter the field of life insurance. That is the consideration under discussion by the House and the debate will proceed along those lines.

Mr. HALL: Thank you, Mr. Speaker. Some members on this side have pointed out that, if I cared, I could link up the remarks I have just made with this Bill, and I think their comments are well founded. They say that the capital accrued (I need not use the term "profit": there may not be any) in signing up insurance may be invested as the Treasurer sees fit, and we may see further adventures in which the Government may use the capital it collects. The essential feature is that this is one more move.

I suppose that the Labor Party may use any argument it cares to use to justify this, but, if we look at the aggregate of various measures, we find that the Government is not governing but is suffocating, and it intends to suffocate all private involvement whenever it can. We have had many examples of that during this year. I must oppose the Bill, because it is an adventure by the Government that is not needed. The point that the Government will not take is that most people in the community nowadays fully support the concept that free enterprise must be related to need I have been one in this House who has consistently supported the regulation of private enterprise to make sure that it operates on behalf of the general community, but that is quite different from taking over private enterprise.

The Government will not face up to the argument that it can bring in regulation after regulation, probably with the general support of this Parliament, to make sure that those engaged in the private insurance field are regulated to behave according to the public needs. The Government does not consider that side of regulation. All it wants to do is take over. Those of us who have been here for a long time realize how much members opposite hate (and I use that term advisedly) anyone involved in free enterprise.

Mr. Duncan: Rubbish!

Mr. HALL: I amend that, for the benefit of the member for Elizabeth, and say that they hate the free enterprise system. I think I overstated the position. The action now being taken is one of the many actions that will be taken as long as members opposite can act to injure, wound and destroy free enterprise wherever they find it. For that reason, I oppose the Bill.

Mrs. BYRNE (Tea Tree Gully): I support the Bill. At the 1973 State election this was part of the policy put forward by the Australian Labor Party and, I may say, voted for overwhelmingly. That is why the Labor Party is on this side of the House. In addition, the Government has received a recommendation from the commission that it be permitted to enter the life insurance field.

Mr. Gunn: Have you seen the recommendation?

Mrs. BYRNE: I have seen the report issued by the State Government Insurance Commission. Has the honourable member seen that?

Mr. Gunn: Why haven't we seen it?

Mrs. BYRNE: I understand it has been tabled in this House, but I am not certain of that.

Mr. Venning: Is it preferential treatment?

Mrs. BYRNE: It is not preferential treatment. The honourable member apparently has not asked to see it and has not tried to see it. Some other members in this House have had the same opportunity as I have had.

Mr. Goldsworthy: You're not referring to the commission's report, are you?

Mrs. BYRNE: I am speaking about a recommendation, and I have seen a report. It was obvious to me that there was nothing wrong with the commission's entering this field. Private enterprise is in it already and, of course, is successful. Members opposite want the profitable insurance to be in the hands of private enterprise and the unprofitable insurance to be in the hands of the State Government. They want the State Government Insurance Commission to be a failure so that they can say to the people, "I told you so." Nevertheless, State Government insurance offices exist in other States, including States where some Liberal Governments are still in existence. If these offices are such a bad thing, there is no reason why those State Liberal Governments could not dispose of them. However, they have not chosen to do so.

The Hon. D. J. Hopgood: It's big business in Queensland.

Mrs. BYRNE: Yes, it has been in existence for many years and, despite changes in Government, is still in existence. Nothing in this Bill prevents the general public from taking out life insurance with private enterprise insurance companies if they so desire. The people who want to take out life insurance policies with the State Government Insurance Commission should be allowed to do so, and this Bill provides for that.

Dr EASTICK (Leader of the Opposition): It is a pity that the Deputy Premier is now leaving the Chamber, because only about a minute ago he indicated to us that the Government had a mandate on this issue. No-one on this side has denied (nor do I deny) that in the policy speech delivered by the Treasurer before the 1973 election he stated that the Labor Party, if re-elected to Government, would introduce a Bill to allow the State Government Insurance Commission to enter the life insurance field.

However, in the second reading explanation of this Bill given by the Treasurer last week (pages 2132 and 2133 of *Hansard*), the point made is that the Government has accepted the recommendation of the commission and that this short measure provides the legislative framework within which the commission may undertake life insurance business. In other words, the recommendation was from the commission that the Government should introduce a measure to allow life insurance business to be included in the commission's operations. Nowhere in the document presented to this House (I do not say this as a criticism of the members of the commission, nor do I imply that there is nothing in the State Government Insurance Commission's report to June 30, 1973, which was tabled and signed on August 31, 1973, and appears over the signature of the Chairman of the commission on November 10, 1973) is there any recommendation to the Government or to the people of this State who use this report as a guide to the intent of the deliberations of the commission relating to the claim now made by the Treasurer in this Bill that the move is being made on the specific recommendation of the insurance commission. Granted, it was one of the many measures that the Government said it would introduce if successful at the 1973 election, but we could argue for a long time about the Government's claiming a mandate for everything in its policy speech.

There is no clear understanding between members opposite and members on this side, even when the position is reversed, on whether everything mentioned in a policy can claim to be the subject of a mandate. We could go further and say that not only is there no recommendation in this document for the pertinent period of time that would lead to a decision having been taken or a recommendation having been received by the Government to implement this measure, but also nowhere in that document is there an indication that there is in the offing,

or will be in the foreseeable future, a change of business undertaking that may materially (I stress "materially") influence the future results of the commission. This is a written undertaking that would be expected of every other business organization, and there is no reason why, if it was going materially to affect the future trading results of the commission, no indication was given not only to the Government but also to the people and to members of this Parliament.

I accept the integrity and the word of the members of the commission, the undertaking they have entered into and the valuable assistance they have received from the staff comprising the working organization within the commission, but I have no hesitation in charging the Treasurer now with using, for the sake of convenience and for political purposes, the name of the commission to substantiate the change he now seeks to make in this legislation. It is just not on so far as we on this side of the House are concerned. We will not be hoodwinked in this matter.

One further point relates to the many statements made by members on this side about the assurances given by the Treasurer on an earlier occasion. Chapter and verse have been given for several statements made in the second reading explanation at the time of the introduction of the original Bill in 1970. I refer to page 526 of *Hansard* of August 5, 1970, where I asked the Treasurer:

Personal accident insurance, sickness insurance, and some forms of motor insurance have a component of life insurance. Will the Government insurance office be denied the right to enter into this field?

The Treasurer replied "Yes." Again, under critical questioning during the Committee stage of the State Government Insurance Commission Bill in 1970, a clear undertaking was given by the Treasurer that there would be no intrusion into this field. I have no hesitation in denying my vote for this measure, which I believe is hoodwinking the people of South Australia.

The Hon. D. A. DUNSTAN (Premier and Treasurer): We have listened to some very doctrinaire stuff this evening. Members opposite apparently regard a community undertaking, anything that is done by the public together as a community organization, as essentially undesirable and evil. That proposition is, apparently, accepted.

Mr. Goldsworthy: The argument goes deeper than that.

The Hon. D. A. DUNSTAN: I will come to that, too, but the reason why members opposite are leaping up and down in their places and prating about what is indeed a simple matter that should cause hardly a ripple in the insurance industry is that they are opposed to community enterprises.

Mr. Goldsworthy: Are we to accede to a waste of public money?

The Hon. D. A. DUNSTAN: The commission has already saved the people of this State a very large sum indeed. Let us turn to the matters raised by members opposite in detail. First, they quoted the words I used when introducing the original measure setting up the commission. I point out that, of course, that was not the first State Government Insurance Commission Bill introduced in this House: it had been defeated by the Party of members opposite in another place prior to the 1970 election. We then pledged that upon return to office we would introduce a Bill for an insurance commission, and it was introduced only in those circumstances. We had promised an insurance commission back in 1965, but the same argument (that we did not have a mandate) was used in that Parliament, and the policy had to be repeated at a subsequent election before the members

with doctrinaire authority in another place conceded that the people had voted for it.

Mr. Goldsworthy: You are the ones with a doctrinaire philosophy.

The Hon. D. A. DUNSTAN: Our Government is pragmatic. We do not believe there is any particular magic about public enterprise, or about private enterprise, either. 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 from, 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.

Dr. Eastick: Was it on an equitable basis with other insurance companies?

The Hon. D. A. DUNSTAN: It was. I will deal with that since the Leader asks about it; 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." 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.

Mr. Venning: They have to live.

The Hon. D. A. DUNSTAN: They do not look very impoverished to me. 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.

Mr. Gunn: Do you know—

The Hon. D. A. DUNSTAN: The honourable member always wants to get off the point being answered in order to distract the attention of the House from some inconvenient facts.

Mr. Millhouse: That's exactly what you're doing.

The Hon. D. A. DUNSTAN: When the commission had proved so successful, before the last State election I discussed the commission's policy with the Chairman and the General Manager. The General Manager, for several reasons I will give later, advocated that the commission enter the life insurance field.

Dr. Eastick: An unsolicited recommendation?

The Hon. D. A. DUNSTAN: It was an unsolicited recommendation.

Mr. Nankivell: That's incorrect.

The Hon. D. A. DUNSTAN: It was an unsolicited recommendation. I never once suggested it was otherwise.

Dr. Eastick: You discussed it with them.

The Hon. D. A. DUNSTAN: I had a discussion with the Chairman and the General Manager just as I have discussions with other people in charge of commissions for which I am the Minister about the policies and activities of those commissions.

Mr. Millhouse: Do you really mean that we should swallow that?

The Hon. D. A. DUNSTAN: The honourable member is able to swallow what in his perfervid imagination is some derogation of a Government member, but I am not going to have members calling me a liar. I did not solicit the recommendation from the commission.

Mr. Millhouse: You never discussed the matter with them?



The Hon. D. A. DUNSTAN: I did not say that. The honourable member knows well that I said I had a discussion during which the General Manager made a recommendation to me.

Mr. Millhouse: Fair enough, but I should like to know what was said and make my own evaluation of it.

The SPEAKER: Order! The member for Mitcham has had his say in the second reading debate. The honourable Treasurer.

The Hon. D. A. DUNSTAN: The General Manager made the recommendation to me and the commission acceded to it. It was on that basis that, during the course of my policy speech prior to the last election, I pointed out that the policy was on the commission's recommendation; they were my words in the policy speech long before the report was made.

Dr. Eastick: The report is for a 12-month period.

The Hon. D. A. DUNSTAN: The recommendation was made to me prior to the last State election.

Dr. Eastick: Which was held on March 10, 1973. The report is to June 30, 1973.

The Hon. D. A. DUNSTAN: So what? I had already had the necessary recommendation. It had been a matter of public comment. I had announced that I had the recommendation, and it was a matter that was an issue in the State election.

Dr. Eastick: It's a fairly important change of action and attitude.

The Hon. D. A. DUNSTAN: I shall detail in a moment what the commission recommended. Opposition members have charged that I did not have a recommendation from the commission. I intend to lead and table the documents from the commission and I hope that Opposition members will have enough honour and decency to withdraw the statements they have made. I do not expect it of the member for Mitcham, because one could not expect it of him.

Mr. Millhouse: I'm being singled out for special opprobrium.

The Hon. D. A. DUNSTAN: Because of what the honourable member has just said. It does not matter to the honourable member or his colleague about the honour and decency of members of the House.

Mr. Harrison: They proved that this afternoon.

The Hon. D. A. DUNSTAN: They certainly did. As I said, the Government insurance office has been extremely successful.

Mr. Goldsworthy: Then the Auditor-General has a pea-brain.

The Hon. D. A. DUNSTAN: On the contrary. Members opposite have raised several points, and I intend to deal with them. When I introduced the original measure that passed this House setting up the commission, I 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—

Mr. Gunn: I agree.

The Hon. D. A. DUNSTAN: I am glad that the honourable member agrees. The General Manager, who is regarded as one of the outstanding people in the insurance field, told me that, in his view, the reasons I had advanced earlier were ill founded, and he made a recommendation. I then included the matter in my policy speech and, after the election, the commission made a submission to

the Government as a result of material given the Government by the State Government Actuary. I will read what they said.

Dr. Eastick: This is the original recommendation?

The Hon. D. A. DUNSTAN: No, the original recommendation was made verbally to me. The matter was then included in my policy speech, and this was the report of the subsequent investigation.

Dr. Eastick: After the policy speech?

The Hon. D. A. DUNSTAN: After the election.

Mr. Goldsworthy: In other words, you didn't really investigate the matter?

The Hon. D. A. DUNSTAN: I accepted the General Manager's advice, to which the commission acceded. I relied on the General Manager's advice because I believe him to be extremely experienced and more knowledgeable than I in this field.

Mr. Millhouse: So you're hiding behind him now, are you?

The Hon. D. A. DUNSTAN: No, I am not hiding behind anyone. The honourable member has a habit of making whatever snide remark comes into his unpleasant little head.

Mr. Millhouse: You rather prompted it.

The SPEAKER: Order! The honourable member may not make a second reading speech by interjection. The honourable Treasurer.

The Hon. D. A. DUNSTAN: This is the report from the commission on the visit of the Chairman and the General Manager 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. It 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 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.

The member for Davenport suggested that there was a lack of confidence in this State's Public Actuary, but I point out to him that the Public Actuary has now been engaged for a considerable period, to the detriment of his health and, indeed, beyond (as he has pointed out to me) his capacity, on the Public Service Association superannuation proposals. He has had to be relieved of other duties and the Government has, at his suggestion, had to bring actuaries from New South Wales to help him with his work.

Mr. Dean Brown: That does not match up with the newspaper reports.

The Hon. D. A. DUNSTAN: The reports related not to the insurance commission but to the Actuary's work in his office.

Mr. Millhouse: Is his report available to members?

The Hon. D. A. DUNSTAN: I have not got it with me now, but I will let the honourable member have it.

Mr. Millhouse: Will you table it?

The Hon. D. A. DUNSTAN: I should imagine there is no reason why I should not table it.

Mr. Millhouse: Very well. Will you give us an answer tomorrow?

The Hon. D. A. DUNSTAN: I will. The report continues:

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.

Dr. Eastick: That means that it will be a drain on the community for 10 years.

The Hon. D. A. DUNSTAN: No, it does not mean that at all. The report continues:

- (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 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 his 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.

Dr. Eastick: By whom is that report signed and what is the date on it?

The Hon. D. A. DUNSTAN: It is not signed, but it is dated September 19, 1973. However, from the text of it, the Leader will realize that it is from Mr. Lance Milne. 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.

Mr. Goldsworthy: Was it requested by—

The Hon. D. A. DUNSTAN: It is normal for departmental officers to provide the Parliamentary Counsel with basic material for the preparation of explanatory matter, which is then given to the Minister. As the honourable member has not been a member of a Government, he does not understand how these things occur. However, that is what happens. Members have asked for information, and I am giving it to them. The situation in the insurance field has changed since the State Government Insurance Commission was established. The companies which are writing general assurance 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 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 reports 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)

[ table those two documents.

Mr. Millhouse: And you will table the report tomorrow?

The Hon. D. A. DUNSTAN: The honourable member has heard from me on that subject, and he knows perfectly well what I said.

Mr. Millhouse: You will give your answer tomorrow as to whether you will table it?

The Hon. D. A. DUNSTAN: The honourable member has my answer. I will not repeat it.

Mr. Millhouse: I will get the answer tomorrow?

The SPEAKER: Order! Standing Orders do not allow repetition.

The Hon. D. A. DUNSTAN: The statement that this is something taken off the top of the Government's head is nonsense: it was not so. 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 I had originally suggested to the House 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.

Mr. Jennings: No-one mentioned that!

The Hon. D. A. DUNSTAN: All that members opposite can do is suggest that somehow or other there is some impropriety, inadequate base, lack of recommendation, and lack of accord on the part of the commission, but these statements have no basis whatsoever. It all stems from the fact that the idea is somehow wrong that the community can provide a service through an organization that is in business and do it successfully by giving the public a real service and an improved investment basis from the subscriptions of the public to develop in the State expenditure that would be an advantage to the public. Opposition members do not like that; they would like to say that anything undertaken by the Government is, according to their doctrinaire attitude, not according to the profit motive and, therefore, will not work.

Mr. Goldsworthy: Will you explain the extraordinary success of the present operation!

The Hon. D. A. DUNSTAN: 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 caution. On a trading basis the commission has accumulated large funds.

Dr. Eastick: Does it employ them the same as other companies do?

The Hon. D. A. DUNSTAN: 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.

Mr. Mathwin: That's a change: it's the first benefit that has come out of your Government.

The Hon. D. A. DUNSTAN: Of course, the honourable member makes silly statements like that all the time. It is an indication of his political attitude that he can never give credit to anyone who has a political opinion different from his own. I suggest to him that he act with some degree of responsibility and reality. The State Government Insurance Commission is something of which South Australia can be proud. 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. I hope all members will support the measure.

The House divided on the second reading:

Ayes (24)—Messrs. Broomhill, Max Brown, and Burdon, Mrs. Byrne, Messrs. Corcoran, Crimes, Duncan,

Dunstan (teller), Groth, Harrison, Hopgood, Hudson, Jennings, Keneally, King, Langley, McKee, McRae, Olson, Payne, Simmons, Slater, Virgo, and Wright.

Noes (20)—Messrs. Allen, Arnold, Blacker, Dean Brown, Chapman, Coumbe, Eastick (teller), Evans, Goldsworthy, Gunn, Hall, Mathwin, McAnaney, Millhouse, Nankivell, Rodda, Russack, Tonkin, Venning, and Wardle.

Pair—Aye—Mr. Wells. No—Mr. Becker.

Majority of 4 for the Ayes.

Second reading thus carried.

In Committee.

Clauses 1 to 3 passed.

Clause 4—"Power to invest."

Mr. GUNN: Can the Treasurer say what type of securities these funds would be invested in?

The Hon. D. A. DUNSTAN (Premier and Treasurer): The recommendations of the commission on this matter were in the material I read to the House only a few minutes ago. It was pointed out by the Government insurance offices in other States that in life insurance, which was very subject to inflationary pressures, it was necessary to have investments in other than normal trustee investments; otherwise, it would not be possible for the Government insurance office to compete with those fields of private insurance which had not got their money in trustee investments. In those circumstances, it would be necessary to take great care as to the kind of investment involved, and to make quite certain, on the part of the State, that the investments involved are ones about which we need have no fear whatever as to their security. There must be a consent by the Treasurer to allow an investment. That, of course, would be reported upon by the Under Treasurer as to the propriety of the investment proposed and whether it would be proper and safe to invest money in this way to get the best possible return to provide benefits to policy-holders.

Mr. GOLDSWORTHY: Does the Treasurer contemplate that, in this life field, the office will be subject to the same strictures as are life offices under the terms of the Commonwealth legislation requiring them to conform to certain investment conditions? There are also other requirements, and they are under the direct supervision of the Commonwealth Commissioner. Will the State office be subject to the same strictures?

The Hon. D. A. DUNSTAN: I would have thought so. I see no reason why the Commonwealth legislation should not apply to a State office. From memory, I think there is not the same exception in State insurance as in State banking. So far as I am aware, any life office will have to comply with the provisions of the Commonwealth Act. I have had no suggestion to the contrary.

Mr. DEAN BROWN: I point out a contradiction in the Treasurer's statement concerning the likelihood of failure in investing funds in a private company. He said there would be no fear of any failures, but this is contradictory to his overall statement. The whole purpose of investing in private funds is to get a higher return. Surely the Treasurer realizes that, to get a higher return, one must invest in higher risk industries. It is a wellknown economic fact that the greater the risk, the greater the return. Therefore, the statements about a high return and no fear about these investments are not compatible. Secondly, in what proportion will the funds be invested in Government projects and in private projects?

The Hon. D. A. DUNSTAN: There is no set proportion as between private and public investments. The matter will be one for negotiation between the Treasurer and the State

Government Insurance Commission, as with other Government instrumentalities, such as the Savings Bank. The honourable member seems not to be aware that there are quite safe investments which yield a return higher than the public bond rate. It is possible to get more money that way and still be perfectly safe, without its being a high-risk investment. I have at no stage suggested that investment would be allowed in high-risk ventures.

Mr. GOLDSWORTHY: Can the Treasurer give an assurance that the Commonwealth legislative provisions under which the life offices work will in fact be applied to the Government office? I shall quote the relevant part of a letter I have here:

It is relevant to mention that the Commonwealth Life Insurance Act does not apply to State offices since they only conduct business within their own State.

The CHAIRMAN: Is that relevant to investment?

Mr. GOLDSWORTHY: It is. One of the conditions of the operation of life offices under the Commonwealth Act is that they must invest their moneys in certain ways.

The Hon. J. D. Corcoran: Who is the letter from?

Mr. GOLDSWORTHY: This letter is from the Life Offices Association of Australia.

The Hon. D. A. Dunstan: The same people that did—

Mr. GUNN: Can the Treasurer say how long it will take for this section of the State Government Insurance Commission to become a viable operation? I have been told that one of the largest insurance societies operated in this country for more than 20 years before its operation became viable, and that many millions of dollars had to be invested in this society from oversea countries. Does the Treasurer think it will take a number of years before the life operations of the State commission run at a profit?

The Hon. D. A. DUNSTAN: Again, the honourable member did not listen to what I read a short time ago. The material is contained in the document that I tabled. The estimate was that it would take 10 years to become economically viable. In relation to the statement by the member for Kavel, I will check this but, so far as I am aware, there is no legal hindrance to the Commonwealth Act's applying to the State commission. The old doctrine of immunity for State instrumentalities has long gone by the board by decision of the High Court.

Dr. Eastick: Since December, 1972?

The Hon. D. A. DUNSTAN: It was well on the way long before that. There is no doubt about the High Court's view of the applicability of Commonwealth law to State activity.

The Hon. D. J. Hopgood: In arbitration cases, we can go back to the engineers case in 1921.

The Hon. D. A. DUNSTAN: My attention has been drawn to a provision in the Commonwealth Constitution. The honourable member is quite right. That clause does except State insurance. Frankly, I did not know of it. It does not except State insurance beyond the limits of the State, so if there is an interstate operation it must come under the Commonwealth Act. However, the Commonwealth Constitution exempts State insurance and State banking.

Mr. GOLDSWORTHY: A slur was cast on the accuracy and integrity of the people who gave us the information I have quoted. We seek an undertaking that the State office will be willing to operate in fair competition with and under the same strictures as apply to private enterprise life offices.

The Hon. D. A. DUNSTAN: Obviously, if the Commonwealth Act does not constitutionally apply to the State, we cannot institute some kind of voluntary provision by

which something that is not in legislation applies in relation to the Commonwealth authority. However, naturally we would consult the Commonwealth Insurance Commissioner about life insurance.

Mr. GUNN: The Treasurer did not reply to the member for Kavel about the slur the Treasurer cast on the Life Offices Association of Australia. As the information that the association provided was correct, the Treasurer should withdraw the allegation he made about the integrity of these people.

Mr. EVANS: I understand that the Government office already operates outside the State in its investments and I understand that it lays off some insurance with brokers, who invest the money in oversea companies. Will the Treasurer say whether this takes the business of our commission outside the State field and whether, therefore, this comes within the jurisdiction of the Commonwealth Government?

The Hon. D. A. DUNSTAN: I have not had an opportunity to study this subject. Frankly, I had forgotten that section of the Commonwealth Constitution. I thought that the only exception was in relation to State banking, and I will examine the matter.

Dr. EASTICK: In view of the distinct possibility that the commission will have a trading advantage over other insurance companies in the field, can we obtain from the Treasurer an undertaking that there will be no undercutting of value, price or premiums associated with insurance by the amount of, or a substantial part of, the costs that do not apply to the commission as a result of its being outside the requirements of the Commonwealth Constitution?

The Hon. D. A. DUNSTAN: The Leader must know that the commission, in its operation, has based its premiums on the general standard existing in the community when it started its business. That is what it did in relation to general insurance and that is what it will do. In these circumstances, obviously it will need to proceed with caution. If the Leader casts his mind back to the material that I tabled earlier, he will remember that the commission had pointed out that the more quickly it extended its life insurance business the more difficulty it would create in an immediate call on funds in the early stage of its development, so naturally the commission would proceed with caution in the earlier stages. However, I will not bind the commission to any undertaking that, where it considers that there is an advantage fairly to be passed on to the public, the public should not get that advantage.

Dr. Eastick: Fairly to be passed on?

The Hon. D. A. DUNSTAN: I consider that the commission has acted entirely properly in its trading activities and that it will do so in future.

Mr. DEAN BROWN: As the Treasurer has just realized that the commission would not come under Commonwealth regulation, I wonder whether, as a lawyer, he appreciates the legal implications for a person who takes out life insurance in South Australia and then moves to another State and dies there. I am not a lawyer, but I suspect that there could be problems.

The CHAIRMAN: Order! In this clause we are dealing with the investment of money, and that is all.

Clause passed

Title passed.

The Hon. D. A. DUNSTAN (Premier and Treasurer) moved:

*That this Bill be now read a third time.*

Mr. NANKIVELL (Mallee): I draw attention to the point raised a moment ago about the position of a person who takes out a life insurance policy under this legislation in South Australia, with no unilateral agreement now

operating between the two other States that have a similar type of policy and with no universality of action such as private offices have. I understand that that would involve a separate estate and it would have to be cleared independently for probate. This could cause no end of difficulty to a person who took out a life insurance policy with the commission and then found, by virtue of the fact that he moved to another State, that it was not convertible or transferable. I oppose the third reading.

The House divided on the third reading:

Ayes (23)—Messrs. Broomhill, Max Brown, and Burdon, Mrs. Byrne, Messrs. Corcoran, Crimes, Duncan, Dunstan (teller), Groth, Harrison, Hopgood, Hudson, Jennings, Keneally, King, Langley, McKee, Olson, Payne, Simmons, Slater, Virgo, and Wright.

Noes (19)—Messrs. Allen, Arnold, Blacker, Dean Brown, Chapman, Coumbe, Eastick (teller), Evans, Goldsworthy, Gunn, Hall, Mathwin, McAnaney, Nankivell, Rodda, Russack, Tonkin, Venning, and Wardle.

Pair—Aye—Mr. Wells. No—Mr. Becker.

Majority of 4 for the Ayes.

Third reading thus carried.

Bill passed.

### WATERWORKS ACT AMENDMENT BILL

In Committee.

(Continued from February 21. Page 2149.)

Clauses 5 to 14 passed.

Clause 15—"Power to cut off water supply."

Mr. COUMBE: This is only a procedural matter of wording. There must be some simple explanation why "or premises" is struck out from the definition of "fittings" and in relation to the power to cut off water supply and a reference to land is inserted in lieu thereof. I take it this is to make the interpretation of the principal Act easier. I would appreciate the Minister's explanation for these amendments.

The Hon. J. D. CORCORAN (Minister of Works): I am not certain that the honourable member is right in his interpretation of the amendments. I do not want to deceive him. I am not certain of the reason for these amendments, but it may be to provide a clearer interpretation.

Mr. Coumbe: What about land with a building on it?

The Hon. J. D. CORCORAN: I would want to refer to the principal Act but I do not have it with me at the moment. This measure must go to the Upper House, and I will check that point and let the honourable member know the reason for it. I have not to hand a quick explanation for it; I am not certain why these amendments are there but I presume that evidently something has come up to cause their insertion.

Clause passed.

Clause 16—"Power to supply water by measure."

Mr. COUMBE: We are altering the principal Act here in some respects because we are striking out subsection (1) and inserting a new subsection (1), which deals with the power of the Minister to enter into an agreement with the owner or occupier of the land to supply him on that land with water by measure at such rates and terms as he may from time to time determine. This measure contains a new system of water charging. The legislation is divided into two, namely, the first part to apply in the 1973-74 year and the other part to apply from the year 1974-75, and I should like to know how the provision of this clause will operate in practice. What sort of form will the owner or occupier receive? How does he enter into an agreement with the Minister to facilitate the implementation of new section 37 (a)?

The Hon. J. D. CORCORAN: Regarding private irrigators, we will shortly complete the installation of a system of meters that will provide water by measure instead of by annual licence as in the past.

Mr. GOLDSWORTHY: Judging by the tenor of the Minister's second reading explanation, I would have thought that this clause has somewhat wider implications for the future than those he has given to the member for Torrens. I agree that the present system of rating tends to encourage water wastage. When one is paying between \$200 and \$300 in water rates one tends to plant lawns instead of merely ploughing the land up. Does the Minister intend to apply the terms of the clause in a somewhat wider manner than those given in his reply to the member for Torrens? Should we continue with the present system or does the Minister envisage that the legislation will have wider application in the future?

The Hon. J. D. CORCORAN: The legislation provides the facility for the Minister to do both.

Mr. Goldsworthy: It will have general application?

The Hon. J. D. CORCORAN: Not necessarily. A report, commissioned by the Deputy Leader of the Opposition when Minister of Works, and known as the Sangster report, is available to members. An evaluation of the report which goes into the matter and which took over a year to complete refers to the point the honourable member has raised. We needed an evaluation to get sense out of it.

Mr. Goldsworthy: What are you going to do about it?

The Hon. J. D. CORCORAN: If the honourable member realized what we have done he would see that we are gradually going to a system of charging for water used instead of a basic water rate. We have reduced the amount of water available under the rebate, which is the amount paid for in the rate, and increased the likelihood of people going to excess, which is paying for water used. Many complications are involved in the system the honourable member says should be the norm. I will not tell him what would happen in the square mile of Adelaide or to the average householder's bill if we aborted the present system and went to the system he advocates. If we have to increase the price paid for water it will be on the basis of water used instead of the rate itself. The basic rate will be maintained.

Mr. Goldsworthy: I just asked, how far are you going?

The Hon. J. D. CORCORAN: The basic rate will be maintained for the service provided and we will gradually reach the situation where people will have to pay for water used, because the rebate water allowed them will be insufficient for their purposes. We cannot switch from one system to another very easily, much as the honourable member thinks it might be desirable.

Clause passed.

Clauses 17 to 34 passed.

Clause 35—"Time for payment of water rates, etc."

Mr. COUMBE: How does the Minister define country water districts?

The Hon. J. D. CORCORAN: This is a problem, as many departments have developed their own regions. We may eventually have a country water region, or something of that nature, based on a region that will apply to all Government departments. This may not be possible, however, because of the peculiar problems that apply to country water districts. There has been no change in water districts since the member for Torrens was Minister.

Clause passed.

Remaining clauses (36 to 44) and title passed.

The Hon. J. D. CORCORAN (Minister of Works): I move:

*That this Bill be now read a third time.*

Last Thursday, I adjourned this debate so that the member for Mitcham could study the Bill further. I am delighted to think that he has not even had the courtesy of attending this evening to participate in the debate!

Bill read a third time and passed.

### SEWERAGE ACT AMENDMENT BILL

Adjourned debate on second reading.

(Continued from February 20. Page 2135 )

Mr. WARDLE (Murray): It is appropriate that this Bill should come before the House this evening, as the Public Works Committee spent this morning inspecting the Bolivar Sewage Treatment Works. It was my first visit there, and I pay a tribute to its management: the way in which this establishment is designed and maintained is remarkable. I assure members of the management that the committee will sympathetically examine their case regarding overcrowding, and I am sure that something will be done about it soon. This is largely an administrative measure, containing many provisions that bring the principal Act up to date. This short Bill is designed to make the Act more workable and to place certain sections of it beyond doubt.

The Bill has two major functions, the first of which is to give the Minister power to fix differential rates for drainage areas. That matter needs no further explanation, except that it has apparently been an embarrassment in the past that this has not been possible. The Crown Law Department obviously considers that present practices are open to question, and no Minister wants to administer an Act that allows such practices. This amendment remedies that matter. Secondly, some of the machinery clauses in the Bill will bring the Act into line with the Waterworks Act. Under clause 5, the power to make regulations has been transferred from the Minister to the Governor in Council. That brings the relevant sections into line with many other sections of the Act.

Clause 6 refers to drainage areas and conforms to the provisions of the Waterworks Act. Clause 15 makes it necessary for an owner to inform the Minister of any extension to any building and, therefore, includes commercial premises and all premises in addition to dwellings. While it is not explained in detail, it is obvious that difficulties have been discovered in the construction of buildings other than domestic dwellings, and this is a reasonable and an appropriate amendment, which will ensure that proper drainage is provided in connection with a sewerage system. My only other comment concerns the provision whereby the parties to any dispute may take it to the Land and Valuation Court to be determined. With other members on this side I support the Bill, because I believe the amendments will make it a much more efficient Act that will conform to provisions of the Waterworks Act.

Mrs. BYRNE secured the adjournment of the debate.

### ADJOURNMENT

At 9.53 p.m. the House adjourned until Wednesday, February 27, at 2 p.m.